

City of Kankakee, Illinois

Comprehensive
Annual Financial Report
for the Fiscal Year Ended
April 30, 2017

Prepared by:
The Comptroller's Office
Elizabeth D. Kubal
Comptroller

**CITY OF KANKAKEE, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED APRIL 30, 2017**

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INTRODUCTORY SECTION

City of Kankakee, Illinois
Elected and Appointed Officers and Officials
April 30, 2017

Mayor

Nina Epstein

City Clerk

Anjanita Dumas

Council Members

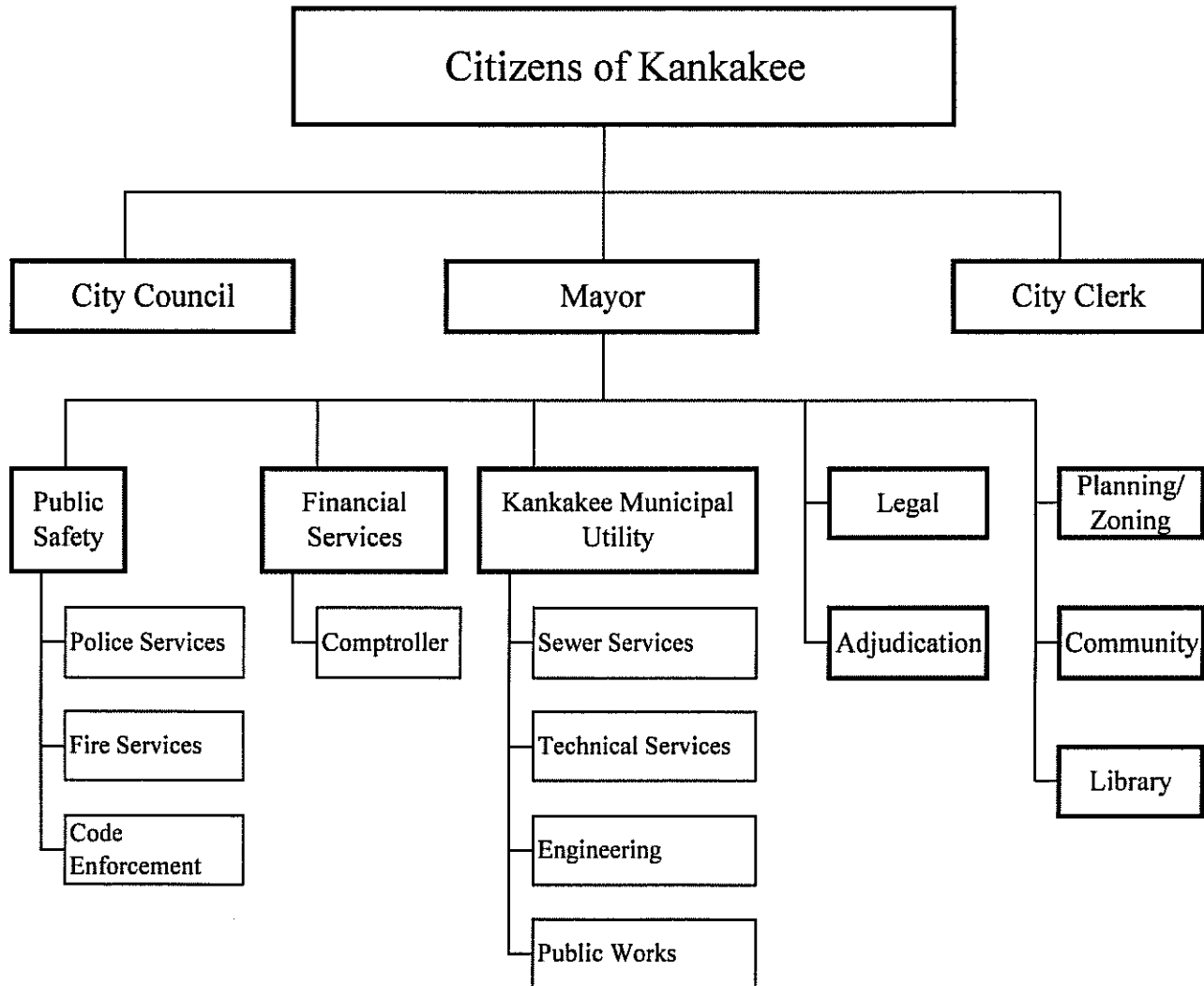
Chasity Wells-Armstrong	Stacy Gall
Dennis Baron	Gloria Kennedy
P. Carl Brown	Michael O'Brien
David Crawford	Larry A. Osenga
Christopher Curtis	Danita Grant Swanson
Glenn E. Davidson	Tyler D. Tall, Sr.
James A. Faford	Fred Tetter

Appointed Officials

Robin Passwater	Deputy Police Chief
Phillip Perkins	Acting Fire Chief
Richard Simms	Municipal Utility Superintendent
Chris Bohlen	Chief Legal Counsel
L. Patrick Power	City Attorney and Treasurer
Kristine Schmitz	Adjudication Director
Elizabeth Kubal	Comptroller
Clifford Cross	Community Development Director
	Code Enforcement Director/City Planner
William Yohnka	Economic Development Director
David Tyson	City Engineer
Steve Bertrand	Library Director
Bert Dear	Assistant Superintendent-Public Works
Dennis Doyle	Assistant Superintendent- Public Works
Peter Schiel	Assistant Superintendent-Utility Operations
Patricia Schatz	Assistant Superintendent-Laboratory Services

City of Kankakee, Illinois

Organizational Structure





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kankakee
Illinois**

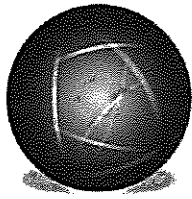
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2016

Executive Director/CEO

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FINANCIAL SECTION



**GROSKREUTZ
ABRAHAM
ESHLEMAN
& GERRETSE LLC**

Larry D. Groskreutz, C.P.A.
M.J. Abraham, C.P.A.
Amy Eshleman, C.P.A.
Dale L. Gerretse, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

www.cpa-kankakee.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Kankakee, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kankakee River Metropolitan Agency (KRMA), a joint venture, the investment in which, as discussed in Note 16 to the financial statements, is accounted for by the equity method of accounting. The investment in KRMA was \$ 3,381,607 as of April 30, 2017, and the equity in its net income was \$125,351 for the year then ended. The financial statements of KRMA were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KRMA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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214 South Center Street
Forrest, Illinois 61741
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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, the supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the supplemental schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information has been derived from the City's 2016 financial statements and, in our prior year report dated November 28, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Groskreutz, Abraham, Eshleman & Geretse LLC

Kankakee, Illinois
November 8, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2017

The City of Kankakee (City) is pleased to present its Management's Discussion and Analysis (MD&A) related to the City's financial information for the fiscal year ended April 30, 2017. The MD&A serves as an introduction to the City's basic financial statements, and is designed to: 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position and its ability to address subsequent years' challenges, 4) identify any material deviations from the financial plan, the approved budget, and 5) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City lagged its liabilities and deferred inflows of resources by \$(35.7) million net position at the end of the fiscal year 2017 due to the continued following of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (see more on page 6).
- The City's governmental funds reported combined ending fund balances of \$11.6 million. This is a decrease of nearly \$1.2 million from the previous fiscal year.
- The City's total bonded debt has begun a steady decrease. The governmental total bonded debt decreased by \$7.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Kankakee's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide Statement of Net Position is in Table 1, or page 15, designed to provide readers with a broad overview of the City's finances, in a manner that is congruent to private-sector business. The focus of the Statement of Net Position, the Unrestricted Net Position, is designed to be similar to the bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources which are short-term spendable resources with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities on pages 16-17 is focused on both the gross and net cost of various activities including governmental and business-type, which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services. Also, these statements include similar financial information for the various business-type activities and component units.

The government-wide financial statements are a consolidation of all of the City's funds with the exclusion of financial information related to the fiduciary funds. The government-wide financial statements are found on pages 15-17.

The governmental activities reflect the City's basic services, including public safety such as police, fire, and code enforcement, transportation, general administrative services, and culture and recreation. The business-type activities reflect private sector-type operations of the City which include environmental services such as storm water management and sewer collection and treatment, solid waste trash collection services and public works.

The City also includes financial information for two separate legal entities in its report, the City's Public Library and its Special Service Area #1. Although legally separate, these component units are important because the City is financially accountable for them. Financial information for these component units is reported separately in this report from the financial information presented for the primary government itself.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The focus of governmental funds financial statements is on near-term financial resource inflows and outflows sources and uses, on balances of the City's financial resources available at the end of the fiscal year, and on the City's budgeting compliance associated with the financial sources and uses. The financial statements for the governmental funds are presented for a second time, but in a different format. This second presentation of the financial statements by funds provides a comparison of the fund statements to the government-wide financial statements so a reader may better understand the long-term impact of the government's near-term financial decisions. The Governmental Funds Balance Sheet on page 18 and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20 provide reconciliations on pages 19 and 21 to facilitate comparisons between the amounts reported in governmental funds to the amounts reported as governmental activities.

The City maintained 23 individual governmental funds during fiscal 2017, and two additional governmental funds were reported on as component units. Information for the City's major governmental funds; the General Fund and Capital Projects Fund, are presented separately in the Governmental Funds Balance Sheet on page 18 and in the Governmental Fund, Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20. Financial information for the other 21 governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section which begins on page 105 of this report.

Proprietary Funds

The proprietary funds are accounted for as business-type activities. The basic proprietary fund financial statements can be found on pages 22-27 of this report. City's enterprise funds are displayed as fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28 and 29.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual expenditures for the General Fund, required schedules in regards to the City's pension plans as well as the City's progress in funding its obligation to

other post-employment benefits (OPEB) for its employees. Required supplementary information can be found on pages 89-104 of this report.

Notes to the Financial Statements

The notes provide additional information that is critical to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-88 of this report.

STATEMENT OF NET POSITION

The City of Kankakee's combined net position decreased by \$1.5 million - from \$(34.3) to \$(35.8) million - during 2017. This change is the result of the \$0.8 million increase and \$(2.3) million decrease in the net position of governmental activities and business-type activities, respectively. The change in net position for the business-type activities in FY 2017 was mostly impacted by an increase in net pension liability with the continued adherence to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this new accounting standard began in FY 2016. These items pertain to the City's participation in the Kankakee Firefighters' Pension Fund, Kankakee Police Pension Fund, and Illinois Municipal Retirement Fund. Under previous accounting standards, the City was only required to report its obligations to the pension funds as a result of unfunded actuarially determined obligations. For more detailed information, see the Statement of Net Position on page 15.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and are thereby restricted.

The following table presents a condensed, comparative Statement of Net Position:

Table 1: Statement of Net Position as of April 30, 2017 and 2016 (in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	\$39.1	\$40.6	\$11.0	\$14.0	\$50.1	\$54.6
Capital Assets	<u>80.9</u>	<u>81.7</u>	<u>36.1</u>	<u>34.9</u>	<u>117.0</u>	<u>116.6</u>
Total Assets	<u>120.0</u>	<u>122.3</u>	<u>47.1</u>	<u>48.9</u>	<u>167.1</u>	<u>171.2</u>
Deferred Outflows of Resources	<u>\$8.5</u>	<u>\$12.3</u>	<u>\$1.4</u>	<u>\$0.6</u>	<u>\$9.9</u>	<u>\$12.9</u>
Total Assets and Deferred Outflows of Resources	<u>128.5</u>	<u>134.6</u>	<u>48.5</u>	<u>49.5</u>	<u>177.0</u>	<u>184.1</u>
Liabilities						
Long-term Debt Outstanding	147.9	160.1	28.3	26.8	176.2	186.9
Other Liabilities	<u>11.1</u>	<u>11.2</u>	<u>2.6</u>	<u>3.2</u>	<u>13.7</u>	<u>14.4</u>
Total Liabilities	<u>159.0</u>	<u>171.3</u>	<u>30.9</u>	<u>30.0</u>	<u>189.9</u>	<u>201.3</u>
Deferred Inflows of Resources	<u>22.4</u>	<u>17.0</u>	<u>0.4</u>	<u>0.1</u>	<u>22.8</u>	<u>17.1</u>
Total Liabilities and Deferred Inflows of Resources	<u>181.4</u>	<u>188.3</u>	<u>31.0</u>	<u>30.1</u>	<u>212.7</u>	<u>218.4</u>
Net Position						
Net investment in capital assets	48.4	48.0	18.1	19.6	66.5	67.6
Restricted	7.3	8.6	3.1	3.1	10.4	11.7
Unrestricted	<u>(108.5)</u>	<u>(110.3)</u>	<u>(4.2)</u>	<u>(3.3)</u>	<u>(112.7)</u>	<u>(113.6)</u>
Total Net Position	<u>(\$52.8)</u>	<u>(\$53.7)</u>	<u>\$17.0</u>	<u>\$19.4</u>	<u>(\$35.8)</u>	<u>(\$34.3)</u>

(Note: There may be some slight differences in totals due to rounding)

For more detailed information, see the Statement of Net Position on page 15.

Governmental Activities – Statement of Net Position Summary

The governmental activities columns present a consolidated view of all of the City's governmental funds. Net position from governmental activities increased \$0.9 million as the FY'17 balance was \$(52.8) million, total assets and deferred outflows of resources decreasing \$(6.1) million and total liabilities and deferred outflows of resources decreasing \$(6.9) million, as a result of the following these shifts in assets and liabilities:

- cash decreased \$1.3 million (6.4% to FY'17 balance of \$18.9 million)
- depreciable assets decreased \$(1.1) million (1.5 %) as a result of the charge for normal depreciation
- long-term liabilities, specifically due within more than one year, decreased \$(12.2) million in FY'17
- deferred inflows of resources, specifically deferred items related to pensions increased \$5.3 million

Business-Type Activities – Statement of Net Position Highlights

The business-type activities column presents financial information for the Environmental Service Utility (ESU), a major fund, and the Motor Vehicle Parking Lot, a non-major fund. As the non-major fund represents less than 10% of the total business-type fund balance, only changes to the major fund are highlighted in the following analysis.

Total net position for the business-type activities decreased \$(2.3) million (11.6% to FY'17 balance of \$17.0 million), with total assets deferred outflows of resources decreasing by \$(1.1) million (2.2% to FY'17 balance of \$48.4 million) and total liabilities increasing by \$1.2 million (3.8% to FY'17 balance of \$31.3 million). The following major shifts in the Utility fund assets and liabilities included:

- cash decreased \$(3.3) million due to the purchase of ESU operating assets and increased liabilities due to bond payments
- capital assets increased \$1.2 million due to the completion of the construction and improvements to the CSL Behring reconstruction sewer project
- investment in joint venture increased \$0.1 million due to Kankakee River Metro Agency's (KRMA) increased net position related to higher revenues due to a larger amount of wastewater being treated. KRMA is the waste processing agency for the metro region.
- long-term liabilities for FY'17 increased by \$1.5 million

Component Units – Statement of Net Position Highlights

The City includes two separate legal entities in its report, the Kankakee Public Library and the Special Service Area No. 1 (SSA #1). Although legally separate, these "component units" are important because the City is financially accountable for them. One component unit, the Kankakee Public Library, comprises 90% of the total assets for the combined component units. There were no significant financial changes in the component units during the fiscal year.

STATEMENT OF ACTIVITIES

The Statement of Activities presents information that indicates how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods for example uncollected taxes and earned but unused vacation leave. The following Statement of Activities table compares the revenues and expenses of the current and most recent fiscal years for the City's governmental and business activities, and the resulting changes in net position:

Table 2: Statement of Activities for the Fiscal Years Ended April 30, 2017 and 2016 (in millions)

(Note: There may be some slight differences in totals due to rounding)

	Governmental			Business-type			Total Primary		
	<u>Activities</u>			<u>Activities</u>			<u>Government Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Program Revenues									
Charges for service	\$ 4.3	\$ 3.9	\$ 0.4	\$ 17.6	\$ 16.4	\$ 1.2	\$ 21.9	\$ 20.3	\$ 1.6
Capital grants/ contributions	0.1	0.0	0.1				0.1	0.0	0.1
Operating grants/ contributions	2.7	3.1	(0.4)				2.7	3.1	(0.4)
General Revenues									
Property taxes	14.7	14.9	(0.2)				14.7	14.9	(0.2)
Sales taxes	3.9	4.7	(0.8)				3.9	4.7	(0.8)
Utility taxes	3.5	3.7	(0.2)				3.5	3.7	(0.2)
Other taxes	4.5	4.6	(0.1)				4.5	4.6	(0.1)
Intergovernmental	0.0	0.0	0.0				0.0	0.0	0.0
Investment income	0.1	0.0	0.1				0.1	0.0	0.1
Other	0.6	0.5	0.1	0.1	0.5	(0.4)	0.7	1.0	(0.3)
Equity interest in joint venture	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.5</u>	<u>(0.3)</u>	<u>0.2</u>	<u>0.5</u>	<u>(0.3)</u>
Total Revenues	<u>34.4</u>	<u>35.4</u>	<u>(1.0)</u>	<u>17.9</u>	<u>17.4</u>	<u>0.5</u>	<u>52.3</u>	<u>52.8</u>	<u>(0.5)</u>
Program Expenses									
General government	6.9	11.7	(4.8)				6.9	11.7	(4.8)
Public safety	22.2	18.8	3.4				22.2	18.8	3.4
Highways and streets	2.0	1.8	0.2				2.0	1.8	0.2
Community development	1.8	1.5	0.3				1.8	1.5	0.3
Culture and recreation	0.0	0.0	0.0				0.0	0.0	0.0
Economic development	0.4	1.2	(0.8)				0.4	1.2	(0.8)
Interest and fiscal charges	1.9	2.0	(0.1)	1.0	1.0	0.0	2.9	3.0	(0.1)
Proprietary fund expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>17.5</u>	<u>16.8</u>	<u>0.7</u>	<u>17.5</u>	<u>16.8</u>	<u>0.7</u>
Total Expenses	<u>35.2</u>	<u>37.0</u>	<u>(1.8)</u>	<u>18.5</u>	<u>17.8</u>	<u>0.7</u>	<u>53.7</u>	<u>54.8</u>	<u>(1.1)</u>
Changes in Net Position before Transfers	(0.8)	(1.6)	0.8	(0.6)	(0.4)	(0.2)	(1.4)	(2.0)	0.6
Transfers	<u>0.3</u>	<u>(0.1)</u>	<u>0.4</u>	<u>(0.3)</u>	<u>0.1</u>	<u>(0.4)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Changes in Net Position	<u>\$ (0.5)</u>	<u>\$ (1.7)</u>	<u>\$ 1.2</u>	<u>\$ (0.9)</u>	<u>\$ (0.3)</u>	<u>\$ (0.6)</u>	<u>\$ (1.4)</u>	<u>\$ (2.0)</u>	<u>\$ 0.6</u>

Governmental Activities – Statement of Activities Summary

The City posted a decrease in net position from governmental activities before transfers of \$0.8 million compared to a decrease of \$1.6 million from the prior year.

The following charts graphically illustrate the composition of the City's revenues and expenses from governmental activities:

Chart 1: Composition of revenues from governmental activities

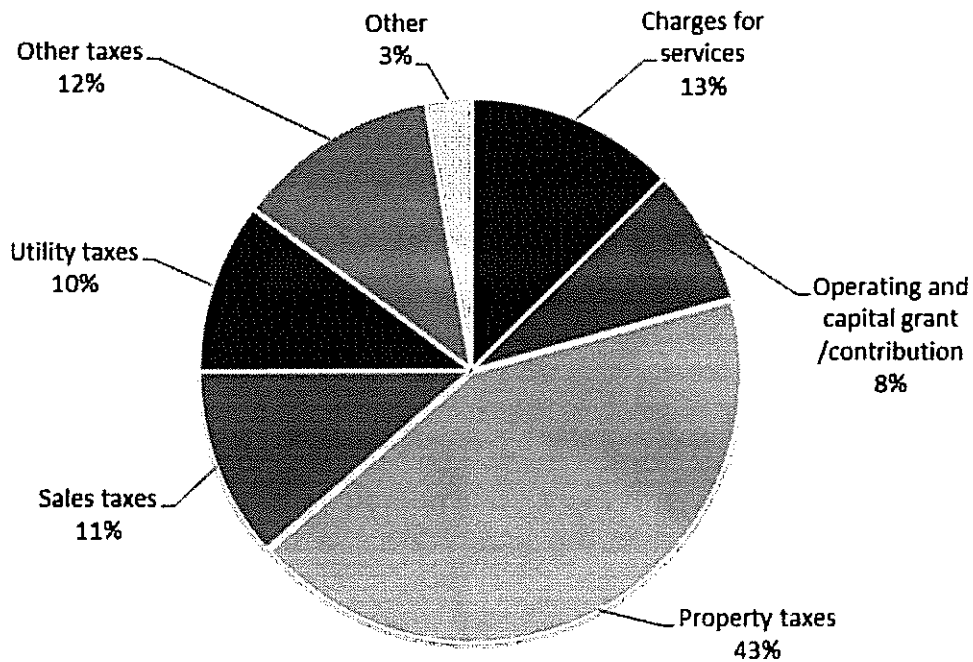
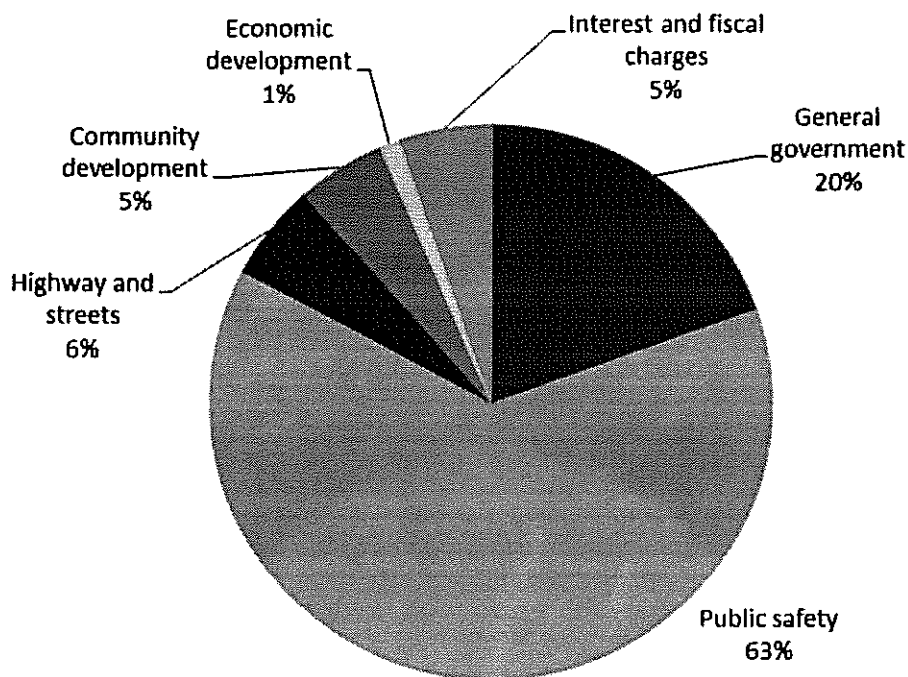


Chart 2: Composition of expenditures from governmental activities



Business-Type Activities – Statement of Activities Summary

The Business-Type Activities has two enterprise funds: the Kankakee Environmental Services Utility (ESU) and the Motor Vehicle Parking fund. ESU is 91% of the net position and therefore will be the focus of this highlight. ESU's operating revenue increased \$1.2 million from FY '16 to FY '17 due to higher sewer charges and greater public works revenue. ESU realized a gain from its equity interest its joint venture with the Kankakee Municipal Regional Agency (KRMA) in the amount of \$0.1 million for FY '17 raising the total equity interest to \$3.4 million. KRMA operates the regional sewer treatment plant. ESU did have increased expenses of \$0.8 million in FY '17 as compared to FY '16 due to greater administration expenses and some unanticipated sewer repairs. Overall, a decrease of \$0.9 million in business-type net position occurred for the fiscal year.

Component Unit Activities – Statement of Activities Summary

The component units, the Library and the SSA#1, saw no significant change in net position from the previous year.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

For the fiscal year ended April 30, 2017, the governmental funds reflect a combined fund balance of \$11.6 million, a decrease of \$1.2 million or 9.2% from the prior fiscal year. Major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$3.0 million (26.3%) is unassigned, indicating availability for continuing City services. Nonspendable and restricted fund balances include amounts for prepaid items, inventories, debt service, unexpended street maintenance programs, culture and recreation, economic development, retirement obligations, community development and capital projects.

Analysis of Balances and Transactions of Individual Funds

The fund balance of the General Fund increased \$0.2 million. The City continues to prudently manage its resources in light of the previous national economic challenges that are still being felt in some communities due to the property values decreasing so substantially from 2009-2017. The Capital Projects Fund decreased \$0.9 million from the FY'16 balance of \$3.1 million as the City began to utilize the \$2.85 million of general obligation bonds from FY'16 by completing various capital acquisitions and planned infrastructure improvements.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General, Band, Illinois Municipal Retirement Fund (IMRF), Special Service Area No. 2, Special Service Area No. 3, and Special Service Area No. 5 Funds. The procedures used to control expenditures of the other governmental funds are explained further in Note 1, Budgetary Accounting on page 90. As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The General Fund revenue and expenditure budgets were not amended during the fiscal year. A table presenting budgetary highlights for the City's General Fund is provided below.

Because of the City administration's awareness of the national economic conditions, over the past eight years the City reorganized its operations, laid off employees and realized additional personnel reductions through attrition, allowing the City to adopt a balanced budget again for FY' 17. The FY' 18 budget continued to have reduced sales tax revenue and two new revenue streams of the public safety tax and the vehicle sticker tax that were instituted in the FY'15 budget. As a result of these measures, the City was able to adopt a FY'18 budget that includes a small \$0.01 million surplus.

A summary comparison of the General Fund budget to actual results can be found on page 89, and a more detailed comparison can be found on pages 105-107. Interfund transfers are listed in Footnote 12.

State sales tax was slightly higher than the budget in FY '17 on the revenue side by ending with \$3.9 million as compared to the \$3.7 million budget. State income tax was collected just as was expected when budgeted due to the City's anticipation of the plans in Springfield to decrease municipalities' income tax when the budget was created at \$2.6 million. Both the Police department and Fire department expenditures were greater than budget because of increased salary costs and additional pension contribution made by the City.

Similarly, the City was awarded a federal flow-through grant for the Kankakee Area Metro Enforcement Group after the budget was adopted, so neither the revenues nor corresponding expenditures charged to the Police department were included in the budget. City administration did not feel it was necessary to amend the original budget for these items.

Table 3: General Fund Budgetary Highlights

	Original	Final		Over/(Under)
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues	\$ 23,498,385	\$ 23,498,385	\$ 24,455,238	\$ 956,853
Expenditures	<u>\$ 23,456,097</u>	<u>\$ 23,456,097</u>	<u>\$ 23,803,261</u>	<u>\$ 347,164</u>
Excess of Revenues over Expenditures	\$ 42,288	\$ 42,288	\$ 651,977	\$ 609,689
Other Financing Sources (Uses)				
Transfers from other funds				
Transfers to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Changes in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CAPITAL ASSETS

The City's investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, equipment, vehicles, leasehold improvements, and infrastructure such as roads, sidewalks, curbs, gutters, and bridges. The City's total combined investment in capital assets for fiscal 2017 increased by \$0.4 million to \$117.0 million net of accumulated depreciation.

The following table summarizes the City of Kankakee capital assets (in millions, net of depreciation) for the current and prior fiscal year:

**Table 4: Capital Asset Highlights (net of depreciation)
for the fiscal years ended April 30, 2017 and 2016**

(in millions)

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 5.6	\$ 5.5	\$ 2.1	\$ 2.1	\$ 7.7	\$ 7.6
Construction in progress	2.0	1.8	-	9.4	2.0	11.2
Buildings	11.8	12.0	5.2	5.4	17.0	17.4
Equipment	0.3	0.4	0.5	0.6	0.8	1.0
Vehicles	1.2	1.3	0.5	0.7	1.7	2.0
Land improvements	2.1	1.8	-	-	2.1	1.8
Leasehold improvements			0.2	0.2	0.2	0.2
Infrastructure	<u>57.9</u>	<u>58.9</u>	<u>27.6</u>	<u>16.5</u>	<u>85.5</u>	<u>75.4</u>
Total Capital Assets, net	<u>\$ 80.9</u>	<u>\$ 81.7</u>	<u>\$ 36.1</u>	<u>\$ 34.9</u>	<u>\$ 117.0</u>	<u>\$ 116.6</u>

Additional information on the City's capital assets can be found in Note 6 on pages 67 – 69.

LONG-TERM DEBT

At fiscal year end, the City's governmental activities had an overall decrease of \$12.2 million (7.6%) in debt as the City had a net decrease of \$6.2 million for the net pension liability from \$104.2 million in FY '16 to \$98.0 million in FY '17. Also, the general obligation bonds decreased \$5.4 million and the installment note decreased \$0.4 million from last fiscal year. Employee related costs such as compensated absences and post-employment obligations decreased \$0.3 million.

Business-type activity debt had a overall increase of \$1.5 million in debt. The main component of the debt increase was the net pension liability that was \$1.9 million in FY' 16 and increased to \$3.1 million in FY' 17. The ESU had a decrease in revenue bonds of \$0.5 million. Other employee related costs such as compensated absences and post-employment obligations increased for a total of \$0.1 million.

The following table further summarizes the City's debt for the current and prior fiscal years:

Table 5: Debt Highlights for the fiscal years ended April 30, 2017 and 2016 (in millions, as adjusted for premiums and deferred losses)

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 43.0	\$ 48.4			\$ 43.0	\$ 48.4
Revenue bonds			\$19.8	\$20.3	19.8	20.3
Line of Credit			-	-	-	-
Illinois EPA Loan			3.9	3.9	3.9	3.9
Installment notes	0.9	1.3			0.9	1.3
Unfunded employer					-	-
pension contributions	98.0	104.2	3.1	1.2	101.1	105.4
Compensated absences	4.8	5.1	1.1	1.1	5.9	6.2
Net other post employment						
benefit obligations	<u>1.1</u>	<u>1.0</u>	<u>0.4</u>	<u>0.3</u>	<u>1.5</u>	<u>1.3</u>
Total Debt	<u>\$ 147.8</u>	<u>\$160.0</u>	<u>\$28.3</u>	<u>\$26.8</u>	<u>\$ 176.1</u>	<u>\$ 186.8</u>

Additional information related to the City's long-term debt can be found in Note 11 on pages 72-82.

The City, under its home rule authority, does not have a legal debt limit. The City had a public rating from Standard and Poor's of A beginning in 2006. In November 2013, the City of Kankakee received a rating of A-. This rating was mostly assigned due to the lack of cash reserve, great uncertainty hovering with the sales tax litigation, and increasing pension liabilities. In November 2014 and in March 2016, the City of Kankakee received an affirmed rating of A-/Stable. Standard and Poor's positively stated that the City has very strong budgetary flexibility and strong liquidity, including their view of the City's strong access to external liquidity; however, the same rating was affirmed due to the very weak economy, featuring high unemployment, well-below average economic indicators, and very weak debt and contingent liability position connected with the City's firefighters' and police pension plans. The City has been taking measures to ensure greater financial stability which are written in the Economic Factors and Next Year's Budget section below. The City anticipates issuing additional bonds in the future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continued to face economic challenges as it started to develop its General Fund budget for FY '18, mostly concerning the continuing decrease of equalized assessed valuation (EAV). The City continued to use a combination of attrition and restructuring as the primary steps to balance the FY '18 budget. The City faces ongoing contractual wage increases, increases in employer contributions for pensions, increases in medical insurance and increases in other operating costs for the foreseeable future in this new era of what appears to be continued municipal revenue shrinkage.

In efforts to provide the City with greater financial strength, the City enacted several measures over the past three years. During FY '14, the City established an unrestricted cash reserve of \$3.0 million to ensure greater long-term stability. The cash reserve has continued a steady increase and at the end of FY' 17 has a balance of \$3.4

million. In FY '15, the addition of the revenue enhancements of the public safety fee and the vehicle sticker fee that were adopted in FY '14, totaled \$1.4 million for FY '15, and will continue for the upcoming fiscal years. In spite of all the IDOR rule changes with sales tax, the City has remained resilient by making fiscally strong decisions.

ESU increased its rates for sewer services beginning May 1, 2017 by 7.5% to a rate of \$6.64 per 100 cubic feet of water used. Rates will be raised again in May 2018 by 7.5% to \$7.15 to support the debt service for KRMA's plant reconstruction. The sewer rate increases will help offset some of the cost increases that ESU has realized as the regional sewer treatment facility passes on its increased costs of operations.

The unemployment rate, not seasonally adjusted, for the City in June 2017 was 4.7% compared to 6.1% for 2016. The City is greatly pleased as this more closely mirrors the national and state unemployment rates. The City's outlook is more favorable from a fund balance perspective than recent years past as the City has begun to see stronger investment in economic development and greater employment. The City continues to seek solutions for the net pension obligation. The City monitors its General Fund finances on a monthly basis to determine when it might need to implement additional strategies to respond to the economic challenges faced by municipalities today.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Kankakee's finances for all those with an interest in the government's finances. Any questions concerning this report or requests for additional financial information should be addressed to the Comptroller, City of Kankakee, 304 South Indiana Avenue, Kankakee, Illinois 60901.

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BASIC FINANCIAL STATEMENTS

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION

April 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 18,925,014	\$ 277,325	\$ 19,202,339	\$ 969,130
Restricted cash and investments		4,333,391	4,333,391	
Receivables, less allowance for uncollectible amounts:				
Property taxes	15,851,200		15,851,200	1,885,000
Utility taxes	388,842		388,842	
Due from joint ventures		35,191	35,191	
Due from other governmental agencies	1,965,295	157,197	2,122,492	
Internal balances	(121,265)	121,265	-0-	
Due from component units	158,183		158,183	
Accounts receivable	970,734	2,461,522	3,432,256	9,108
Special assessments	665,966		665,966	
Materials inventory	5,086	21,912	26,998	
Prepaid items	317,492	232,335	549,827	17,452
Capital assets:				
Non-depreciable	7,602,079	2,096,071	9,698,150	
Depreciable (net of accumulated depreciation)	73,344,786	33,964,215	107,309,001	6,656,467
Investment in joint venture		3,353,357	3,353,357	
Total assets	120,073,412	47,053,781	167,127,193	9,537,157
Deferred Outflows of Resources				
Deferred charge on refunding loss	605,522	82,171	687,693	
Deferred items related to pensions	7,907,807	1,288,040	9,195,847	208,606
Total deferred outflows of resources	8,513,329	1,370,211	9,883,540	208,606
Liabilities				
Accounts payable	8,400,882	686,380	9,087,262	21,069
Accrued wages payable	883,519	291,390	1,174,909	
Interest payable	632,200	450,440	1,082,640	
Due to joint venture		1,203,464	1,203,464	
Due to primary government				158,183
Due to other government agencies	600		600	
Employer pension contribution payable	946,047		946,047	
Unearned grant revenue	96,757		96,757	
Unearned licenses and fees	158,193		158,193	
Long-term liabilities:				
Due within one year	7,412,000	1,370,865	8,782,865	147,158
Due within more than one year	140,453,791	26,953,563	167,407,354	2,574,166
Total liabilities	158,983,989	30,956,102	189,940,091	2,900,576
Deferred Inflows of Resources				
Deferred property tax revenue	15,851,200		15,851,200	1,885,000
Deferred items related to pensions	6,573,702	343,293	6,916,995	55,599
Total deferred inflows of resources	22,424,902	343,293	22,768,195	1,940,599
Net Position				
Net investment in capital assets	48,383,374	18,130,095	66,513,469	4,448,480
Restricted for:				
Capital projects	2,177,713		2,177,713	
Debt service	225,294	3,159,002	3,384,296	
Economic development	3,879,062		3,879,062	
Street maintenance programs	1,055,610		1,055,610	
Unrestricted	(108,543,203)	(4,164,500)	(112,707,703)	456,108
Total net position	\$(52,822,150)	\$ 17,124,597	\$(35,697,553)	\$ 4,904,588

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF ACTIVITIES
For the year ended April 30, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
<u>Governmental Activities</u>				
General government	\$ 6,911,123	\$ 1,592,903	\$ 67,921	\$ 131,418
Public safety	22,227,782	2,310,513	339,258	
Highways and streets	1,954,786	308,111	698,960	
Community development	1,848,114	35,000	1,558,342	
Culture and recreation	16,160			
Economic development	349,605			
Interest and fiscal charges	1,875,646			
Total governmental activities	35,183,216	4,246,527	2,664,481	131,418
<u>Business-Type Activities</u>				
Sewer utility	13,346,999	15,010,224		
Solid waste utility	5,218,150	2,902,607		
Vehicle parking				
Total business-type activities	18,565,149	17,912,831	-0-	-0-
Total primary government	\$ 53,748,365	\$ 22,159,358	\$ 2,664,481	\$ 131,418
Component units:				
Library	\$ 1,982,276	\$ 275,173	\$ 14,150	
Special Service Area No. 1	221,994			
Total component units	\$ 2,204,270	\$ 275,173	\$ 14,150	\$ -0-
General Revenues:				
Property taxes levied for general purposes				
Utility taxes				
Intergovernmental, not restricted to specific programs:				
State replacement income tax				
State income tax				
Local use tax				
State sales tax				
State gaming tax				
Other				
Investment income				
Other				
Total				
Transfers				
Changes in net position				
Net position, May 1, 2016				
Prior period adjustment				
Net position, May 1, 2016, restated				
Net position, April 30, 2017				

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (5,118,881)		\$ (5,118,881)	
(19,578,011)		(19,578,011)	
(947,715)		(947,715)	
(254,772)		(254,772)	
(16,160)		(16,160)	
(349,605)		(349,605)	
(1,875,646)		(1,875,646)	
(28,140,790)		(28,140,790)	
	\$ 1,663,225	1,663,225	
	(2,315,543)	(2,315,543)	
	-0-	-0-	
-0-	(652,318)	(652,318)	
(28,140,790)	(652,318)	(28,793,108)	
			\$ (1,692,953)
			(221,994)
			(1,914,947)
14,735,526		14,735,526	1,809,480
3,523,270		3,523,270	
764,748		764,748	
2,602,929		2,602,929	
677,762		677,762	
3,948,742		3,948,742	
353,957		353,957	
50,000		50,000	
85,563		85,563	2,000
569,685	31,144	600,829	33,982
27,312,182	31,144	27,343,326	1,845,462
257,070	(257,070)	-0-	
(571,538)	(878,244)	(1,449,782)	(69,485)
(53,651,179)	19,375,709	(34,275,470)	5,193,244
1,400,567	(1,372,868)	27,699	(219,171)
(52,250,612)	18,002,841	(34,247,771)	4,974,073
\$(52,822,150)	\$ 17,124,597	\$(35,697,553)	\$ 4,904,588

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 10,888,301	\$ 2,068,688	\$ 5,968,025	\$ 18,925,014
Receivables, less allowance for uncollectible amounts:				
Property taxes	8,222,000		7,629,200	15,851,200
Utility taxes	388,842			388,842
Due from other governmental agencies	1,814,598	21,671	129,026	1,965,295
Due from other funds	1,117,116	227,749	1,138,486	2,483,351
Due from component units	102,302	40,000	15,881	158,183
Accounts receivable	433,843		536,891	970,734
Special assessments		665,966		665,966
Materials inventory	5,086			5,086
Prepaid items	317,492			317,492
Total assets	<u>\$ 23,289,580</u>	<u>\$ 3,024,074</u>	<u>\$ 15,417,509</u>	<u>\$ 41,731,163</u>
Liabilities				
Accounts payable	\$ 8,272,090	\$ 49,702	\$ 79,090	\$ 8,400,882
Accrued wages payable	840,872		42,647	883,519
Due to other governmental agencies	600			600
Due to other funds	232,265	130,693	2,241,658	2,604,616
Employer pension contribution payable	946,047			946,047
Unearned grant and contribution revenue	96,757			96,757
Unearned licenses and fees	158,193			158,193
Total liabilities	<u>10,546,824</u>	<u>180,395</u>	<u>2,363,395</u>	<u>13,090,614</u>
Deferred Inflows of Resources				
Deferred property tax revenue	8,222,000		7,629,200	15,851,200
Unavailable loan receivable			532,367	532,367
Unavailable special assessments		665,966		665,966
Total deferred inflows of resources	<u>8,222,000</u>	<u>665,966</u>	<u>8,161,567</u>	<u>17,049,533</u>
Fund Balance				
Nonspendable	322,578			322,578
Restricted for:				
Debt service			225,294	225,294
Street maintenance programs			1,055,610	1,055,610
Economic development			3,879,062	3,879,062
Culture and recreation			19,465	19,465
Retirement obligations			861,673	861,673
Capital projects		2,177,713		2,177,713
Unassigned (deficit)	4,198,178		(1,148,557)	3,049,621
Total fund balance	<u>4,520,756</u>	<u>2,177,713</u>	<u>4,892,547</u>	<u>11,591,016</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 23,289,580</u>	<u>\$ 3,024,074</u>	<u>\$ 15,417,509</u>	<u>\$ 41,731,163</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2017

Amounts reported for governmental activities in the
statement of net position are different because of the following:

Total fund balance - governmental funds		\$ 11,591,016
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		80,946,865
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities--both current and long-term--are reported in the statement of net position.		
Bonds payable	\$(43,040,207)	
Installment notes	(940,965)	
Net pension liability	(98,026,137)	
Compensated absences	(4,740,000)	
Net other post-employment benefit obligations	(1,118,482)	
Total long-term liabilities (See Note 10)		(147,865,791)
Deferred charge on bond refunding loss not recorded in funds		605,522
Deferred outflows of resources to pension plans reported in the statement of net position are the consumption of net position that applies to future periods not reported in the funds.		7,907,807
Deferred inflows of resources to pension plans reported in the statement of net position are the acquisition of net position that applies to future periods not reported in the funds.		(6,573,702)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Interest payable		(632,200)
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Loan receivable	532,367	
Special assessment receivable	665,966	
		<u>1,198,333</u>
Net position of governmental activities		<u><u>\$(52,822,150)</u></u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended April 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 7,356,765		\$ 7,378,761	\$ 14,735,526
Special assessments			309,091	309,091
Utility taxes	3,523,270			3,523,270
Licenses, permits and fees	3,424,178			3,424,178
Charges for services	413,866			413,866
Fines and penalties	408,483			408,483
Intergovernmental	8,735,265	\$ 67,921	2,257,302	11,060,488
Interest income	51,797		33,766	85,563
Contributions		91,418		91,418
Contributions from component unit		40,000		40,000
Miscellaneous	541,614		30,202	571,816
Total revenues	<u>24,455,238</u>	<u>199,339</u>	<u>10,009,122</u>	<u>34,663,699</u>
Expenditures:				
Current:				
General government	5,402,638	905,129	792,880	7,100,647
Public safety	18,033,327	124,157		18,157,484
Highways and streets			1,120,536	1,120,536
Community development	264,582		1,593,132	1,857,714
Culture and recreation			16,160	16,160
Economic development	92,714		256,891	349,605
Debt service:				
Principal retirement	10,000		5,599,111	5,609,111
Interest and fiscal charges			1,880,552	1,880,552
Total expenditures	<u>23,803,261</u>	<u>1,029,286</u>	<u>11,259,262</u>	<u>36,091,809</u>
Excess (deficiency) of revenues over expenditures	<u>651,977</u>	<u>(829,947)</u>	<u>(1,250,140)</u>	<u>(1,428,110)</u>
Other financing sources (uses):				
Transfers from other funds			1,935,998	1,935,998
Transfers to other funds		(79,800)	(1,599,128)	(1,678,928)
Total other financing sources (uses)	<u>-0-</u>	<u>(79,800)</u>	<u>336,870</u>	<u>257,070</u>
Net change in fund balance	651,977	(909,747)	(913,270)	(1,171,040)
Fund balance, May 1, 2016	<u>3,868,779</u>	<u>3,087,460</u>	<u>5,805,817</u>	<u>12,762,056</u>
Fund balance, April 30, 2017	<u>\$ 4,520,756</u>	<u>\$ 2,177,713</u>	<u>\$ 4,892,547</u>	<u>\$ 11,591,016</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the year ended April 30, 2017

Amounts reported for governmental activities on the statement of activities
are different because of the following:

Net change in fund balance - total governmental funds	\$ (1,171,040)
---	----------------

Governmental funds report capital outlays as expenditures. However, on the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from disposal of capital assets are reported as other financing sources in the governmental funds, but as a reduction of capital assets and recognition of gains and losses at the government-wide level.

Expenditure for capital assets	993,098
Loss on disposal of capital assets	(9,062)
Depreciation	(1,765,067)

Repayments of principal from current financial resources is an expenditure in the governmental funds, but are a reduction of long-term liabilities on the statement of net position.

Principal payments on bonds payable	5,252,496
Principal payments on long-term notes payable	356,615

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortized bond premium	137,676
Amortized deferred loss	(121,970)
Change in accrued interest on long-term debts	(10,800)
Net change in compensated absences payable	384,000
Change in net pension liability for pension plans	3,983,372
Change in deferred outflows of resources for pension plans	(2,646,070)
Change in deferred inflows of resources related to pensions	(5,496,597)
Change in net other post-employment benefit obligations payable	(149,098)

Collections on special assessment receivable are reported as revenue in the governmental funds, but reduce the receivable in the statement of net position.

<u>(309,091)</u>

Change in net position of governmental activities

<u><u>\$ (571,538)</u></u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2017

	Enterprise Funds		Total
	Kankakee Environmental Services Utility	Nonmajor Motor Vehicle Parking	
Assets			
Current assets:			
Cash and investments	\$ 148,098	\$ 129,227	\$ 277,325
Restricted cash and investments	1,903,894		1,903,894
Receivables, less allowance for uncollectible amounts:			
Due from joint venture	35,191		35,191
Due from other funds	195,421		195,421
Due from other governmental agencies	157,197		157,197
Accounts receivable	2,461,522		2,461,522
Inventory	21,912		21,912
Prepaid items	232,335		232,335
 Total current assets	 5,155,570	 129,227	 5,284,797
Non-current assets:			
Restricted cash and investments	2,429,497		2,429,497
Capital assets:			
Non-depreciable	652,263	1,443,808	2,096,071
Depreciable (net of accumulated depreciation)	33,964,215		33,964,215
Investment in joint venture	3,353,357		3,353,357
 Total non-current assets	 40,399,332	 1,443,808	 41,843,140
 Total assets	 45,554,902	 1,573,035	 47,127,937
 Deferred Outflows of Resources			
Deferred charge on refunding loss	82,171		82,171
Deferred items related to Illinois Municipal Retirement Fund	1,288,040		1,288,040
 Total deferred outflows of resources	 1,370,211	 -0-	 1,370,211

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
April 30, 2017

	Enterprise Funds		
	Kankakee Environmental Services Utility	Nonmajor Motor Vehicle Parking	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 686,380		\$ 686,380
Accrued wages payable	291,390		291,390
Accrued interest	450,440		450,440
Due to joint venture	1,203,464		1,203,464
Due to other funds	74,156		74,156
Accrued employee absences	460,000		460,000
Illinois EPA loan payable within one year	180,865		180,865
Revenue bonds payable within one year	730,000		730,000
Total current liabilities	4,076,695	\$ -0-	4,076,695
Non-current liabilities:			
Accrued employee absences	659,100		659,100
Net other post-employment benefit obligations	385,543		385,543
Net pension liability	3,169,594		3,169,594
Illinois EPA loan payable, less portion due within one year	3,693,576		3,693,576
Revenue bonds payable, less portion due within one year	19,045,750		19,045,750
Total non-current liabilities	26,953,563	-0-	26,953,563
Total liabilities	31,030,258	-0-	31,030,258
Deferred Outflows of Resources			
Deferred items related to Illinois Municipal Retirement Fund	343,293	-0-	343,293
Net Position			
Net investment in capital assets	16,686,287	1,443,808	18,130,095
Restricted for debt service	3,159,002		3,159,002
Unrestricted	(4,293,727)	129,227	(4,164,500)
Total net position	\$ 15,551,562	\$ 1,573,035	\$ 17,124,597

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended April 30, 2017

	Enterprise Funds		
	Kankakee	Nonmajor	
	Environmental	Motor Vehicle	
	Services	Parking	
	Utility		Total
Operating revenues:			
Charges for services:			
Sewer charges	\$ 14,868,500		\$ 14,868,500
Solid waste charges	2,654,151		2,654,151
Public works revenue	130,882		130,882
Total operating revenues	17,653,533	\$ -0-	17,653,533
Operating expenses:			
Utility operations:			
Sewer utility:			
Administration	2,816,175		2,816,175
Sanitary sewers	1,615,877		1,615,877
Lab and industrial services	723,277		723,277
Technical services	892,268		892,268
Total sewer utility	6,047,597	-0-	6,047,597
Solid waste and public works	5,218,150		5,218,150
Total utility operations	11,265,747	-0-	11,265,747
Treatment charges	4,996,277		4,996,277
Depreciation	1,322,706		1,322,706
Total operating expenses	17,584,730	-0-	17,584,730
Operating income	68,803	-0-	68,803

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2017

	Enterprise Funds		
	Kankakee	Nonmajor	
	Environmental	Motor Vehicle	
	Services	Parking	
	Utility		Total
Nonoperating revenues (expenses):			
Equity interest in joint venture			
operating income	\$ 122,372		\$ 122,372
Bond interest rebates	31,144		31,144
Interest and debt-related expenses	(980,419)		(980,419)
Intergovernmental	117,574		117,574
Miscellaneous income	19,352		19,352
Total nonoperating revenues (expenses)	(689,977)	\$ -0-	(689,977)
Income (loss) before transfers	(621,174)	-0-	(621,174)
Transfers out	(257,070)		(257,070)
Change in net position	(878,244)	-0-	(878,244)
Net position, May 1, 2016	17,802,674	1,573,035	19,375,709
Prior period adjustment	(1,372,868)	-0-	(1,372,868)
Net position, May 1, 2016, restated	16,429,806	1,573,035	18,002,841
Net position, April 30, 2017	<u>\$ 15,551,562</u>	<u>\$ 1,573,035</u>	<u>\$ 17,124,597</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended April 30, 2017

	Enterprise Funds		
	Kankakee	Nonmajor	
	Environmental	Motor Vehicle	
	Services	Parking	
	Utility		Total
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 17,220,004		\$ 17,220,004
Receipts from other funds	36,035		36,035
Payments to suppliers	(12,438,207)		(12,438,207)
Payments to employees	(4,015,689)		(4,015,689)
Net cash provided (used) by operating activities	802,143	-0-	802,143
Cash flows provided (used) by noncapital financing activities:			
Transfers to other City funds	(257,070)		(257,070)
Cash flows provided (used) by capital and related financing activities:			
Acquisition and construction of capital assets	(2,703,941)		(2,703,941)
Repayment of loan from governmental entity	(174,468)		(174,468)
Receipt of loan from governmental entity	126,883		126,883
Repayment of revenue bonds	(500,000)		(500,000)
Interest and debt-related expenses	(1,039,846)		(1,039,846)
Bond interest rebates received	31,144		31,144
Net cash provided (used) by capital and related financing activities	(4,260,228)	-0-	(4,260,228)
Net change in cash and cash equivalents	(3,715,155)		(3,715,155)
Cash and cash equivalents, May 1, 2016	8,196,644	129,227	8,325,871
Cash and cash equivalents, April 30, 2017	\$ 4,481,489	\$ 129,227	\$ 4,610,716

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2017

	Enterprise Funds		
	Kankakee	Nonmajor	
	Environmental	Motor Vehicle	
	Services	Parking	Total
	Utility		
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 68,803	\$ -0-	\$ 68,803
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,322,706		1,322,706
Other revenues	136,926		136,926
(Increase) decrease in operating assets and deferred outflows of resources:			
Accounts receivable	(569,165)		(569,165)
Due from other funds	(2,458)		(2,458)
Due from other governmental agencies	1,168		1,168
Inventory	(6,703)		(6,703)
Prepaid insurance and service fees	(59,604)		(59,604)
Deferred outflows of resources - IMRF	178,355		178,355
Increase (decrease) in operating liabilities and deferred inflows of resources			
Accounts payable	(713,660)		(713,660)
Accrued wages payable	26,518		26,518
Due to joint venture	182,877		182,877
Accrued employee absences	43,900		43,900
Due to other funds	36,035		36,035
Net pension liability - IMRF	80,859		80,859
Deferred inflows of resources - IMRF	28,115		28,115
Net other post-employment benefit obligations	47,471		47,471
Net cash provided (used) by operating activities	<u>\$ 802,143</u>	<u>\$ -0-</u>	<u>\$ 802,143</u>
Noncash transactions related to financing, capital and investing activities:			
Amortization of early debt retirement deferred loss	<u>\$ 8,217</u>	<u>\$ -0-</u>	<u>\$ 8,217</u>
Capitalized interest on Illinois EPA loan	<u>\$ 825</u>	<u>\$ -0-</u>	<u>\$ 825</u>
Net amortization of premium (discount) on bond issuance	<u>\$ (7,826)</u>	<u>\$ -0-</u>	<u>\$ (7,826)</u>

See accompanying notes.

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CITY OF KANKAKEE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2017

Assets

Cash and short-term investments	\$ 1,661,048
Receivables, less allowance for uncollectible amounts:	
Employee contributions	35,650
Employer contributions	946,047
Interest	85,424
Investments, at fair value:	
Open-end mutual funds	10,446,104
Corporate securities	8,487,638
U.S. Treasury and agency securities	4,372,900
Corporate bonds	5,051,810
State and local obligations	506,404
Prepaid items	<u>9,792</u>
 Total assets	 31,602,817

Liabilities

Benefits and other payables	<u>495,104</u>
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Net Position

Net position restricted for pensions	<u><u>\$ 31,107,713</u></u>
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2017

Additions:

Contributions:

Employer	\$ 4,882,397
Employee	<u>869,196</u>
Total contributions	<u>5,751,593</u>

Investment income:

Net change in fair value of investments	682,578
Interest and dividends	<u>1,796,983</u>
	2,479,561

Less: investment expense	<u>(202,721)</u>
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Net investment income	<u>2,276,840</u>
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Total additions	<u>8,028,433</u>
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Deductions:

Benefits	5,753,592
Refunds of contributions	53,186
Administrative expense	<u>78,502</u>

Total deductions	<u>5,885,280</u>
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Change in net position restricted for pensions	2,143,153
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Net position restricted for pensions

May 1, 2016	<u>28,964,560</u>
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April 30, 2017	<u><u>\$ 31,107,713</u></u>
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
April 30, 2017

	<u>Kankakee Public Library</u>	<u>Special Service Area No. 1</u>	<u>Totals</u>
Assets			
Cash and investments	\$ 790,422	\$ 178,708	\$ 969,130
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000	112,000	1,885,000
Accounts receivable	9,108		9,108
Prepaid expenses	17,452		17,452
Capital assets:			
Depreciable (net of accumulated depreciation)	<u>6,055,985</u>	<u>600,482</u>	<u>6,656,467</u>
Total assets	<u>8,645,967</u>	<u>891,190</u>	<u>9,537,157</u>
Deferred Outflows of Resources			
Deferred items related to pensions	<u>208,606</u>	<u>-0-</u>	<u>208,606</u>
Liabilities			
Accounts payable	16,979	4,090	21,069
Due to primary government	118,183	40,000	158,183
Long-term liabilities:			
Due within one year	147,158		147,158
Due within more than one year	<u>2,574,166</u>		<u>2,574,166</u>
Total liabilities	<u>2,856,486</u>	<u>44,090</u>	<u>2,900,576</u>
Deferred Inflows of Resources			
Deferred property tax revenue	1,773,000	112,000	1,885,000
Deferred items related to pensions	<u>55,599</u>		<u>55,599</u>
Total deferred inflows of resources	<u>1,828,599</u>	<u>112,000</u>	<u>1,940,599</u>
Net Position			
Net investment in capital assets	3,847,998	600,482	4,448,480
Unrestricted	<u>321,490</u>	<u>134,618</u>	<u>456,108</u>
Total net position	<u>\$ 4,169,488</u>	<u>\$ 735,100</u>	<u>\$ 4,904,588</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended April 30, 2017

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>
Kankakee Public Library:			
Culture and recreation	\$ 1,868,057	\$ 275,173	\$ 14,150
Interest and fiscal charges	114,219		
Special Service Area No. 1:			
General government	<u>221,994</u>		
Total	<u>\$ 2,204,270</u>	<u>\$ 275,173</u>	<u>\$ 14,150</u>

General Revenues:

Property taxes levied for general purposes
Interest
Other

Total

Changes in net position

Net position, May 1, 2016

Prior period adjustment

Net position, May 1, 2016, restated

Net position, April 30, 2017

Net (Expense) Revenue and Change in Net Position		
Kankakee Public Library	Special Service Area No. 1	Total
\$ (1,578,734)		\$ (1,578,734)
(114,219)		(114,219)
	\$ (221,994)	(221,994)
(1,692,953)	(221,994)	(1,914,947)
1,697,245	112,235	1,809,480
1,996	4	2,000
11,097	22,885	33,982
1,710,338	135,124	1,845,462
17,385	(86,870)	(69,485)
4,371,274	821,970	5,193,244
(219,171)		(219,171)
4,152,103	821,970	4,974,073
\$ 4,169,488	\$ 735,100	\$ 4,904,588

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Kankakee, Illinois (City), is a home rule unit under the 1970 Constitution of Illinois, Article VII. The City was incorporated in 1865 and operates under an elected Mayor/Council form of government. The City Council is comprised of the Mayor and fourteen Council members. The City's major operations include public safety (police, fire, code enforcement and animal control), public works, highways and streets, community development, culture and recreation, economic development, sewer and solid waste utility, and general administrative services. The following significant accounting policies apply to the City and its component units.

A. Reporting Entity

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Unit - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. For financial reporting purposes, the following component units are reported as if they were part of the City's operations.

1. **Kankakee Environmental Services Utility (Utility)** - The Utility is governed by a board which is comprised mainly of City Council members. As stated in the Utility bylaws, one City Council member from each ward is required to serve on the Utility Board. The Utility accounts for the operation of the sewer and solid waste systems, including the public works services which benefit the citizens of the City.
2. **Community Development Agency** - The Community Development Agency is governed by the City Council. Its major sources of revenue are intergovernmental grants that are used to benefit the citizens of the City.

Discretely Presented Component Unit - A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City.

1. **Kankakee Public Library (Library)** - The Library is governed by a board appointed by the City Council. The majority of the Library's revenues are from a property tax levy approved by the Council. The City has also assumed the obligation to finance the Library's deficits.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2. **Special Service Area No. 1 (SSA No. 1)** - SSA No. 1 promotes and develops downtown Kankakee. Its major source of revenues is a property tax levy approved by the City Council.

Separately audited financial statements for the component units are not available. Combining financial statements for the discretely presented component units are presented after the basic financial statements and prior to the notes to the financial statements.

B. Basis of Presentation

Government-wide Financial Statements - The government-wide statement of net position and statement of activities report the overall financial activities of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect expenses for centralized functions are included in the direct expenses. Program revenues include 1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for the resources used for capital acquisition and other major capital improvement projects including streets, sidewalks and community development projects. Due to its general importance to the overall operation, the City has elected to treat the Capital Projects Fund as major, although it has not met the criteria requiring such treatment for fiscal year 2017.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The City reports the following major proprietary fund:

Kankakee Environmental Services Utility - This fund accounts for the provision of sewer services to the residents of the City and operation of the City's waste collection and disposal services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, financing, public works, billing and collection. Activities are funded with user fees.

Additionally, the City reports the following fiduciary fund type:

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2015 levy is recognized as revenue for the year ended April 30, 2017.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing activities. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds come from charges to customers for sales and services which include sewer and solid waste charges, utility fees and parking fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax and income tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property tax are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Revenues for income tax are considered to be available if they are collected within 120 to 150 days of the end of the current fiscal year due to further delay in receipt from the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports unavailable/unearned and deferred revenue on its financial statements. Unavailable/unearned and deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned and deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow is removed from the financial statements and revenue is recognized.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred inflows of resources until earned.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. The value of open-end mutual funds are determined by the pool's share price. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. All external investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds and between proprietary funds are not included in the government-wide statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not expendable available financial resources.

The City has the following types of interfund transactions:

Loans - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds in the fund balance sheets or fund statements of net position.

Services Provided and Used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

F. Inventory and Prepaid Items

Inventory, such as fuel and office supplies, is accounted for using the consumption method and is valued at an average weighted cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements accounted for on the consumption method.

Inventory and prepaids reported in the governmental funds are not available for appropriation and therefore result in nonspendable fund balance.

G. Restricted Cash and Investments - Enterprise Funds

Certain cash and investments in the Kankakee Environmental Services Utility are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds.

H. Long-Term Debt, Bond Premiums, Discounts, and Bond Issue Costs

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issue costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Minimum capitalization costs are as follows:

Land	\$ 25,000
Machinery, equipment and vehicles	5,000
Buildings, land improvements, and leasehold improvements	100,000
Infrastructure assets	250,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings, major plant and sewerage equipment	20 - 75
Machinery, equipment and vehicles	5 - 20
Improvements	7 - 40
Infrastructure	25 - 100

J. Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus any material unspent bond proceeds.

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's practice to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

K. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

L. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, including cash in excess of daily requirements that is invested in marketable securities, substantially all of which have a maturity of three months or less when acquired.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

N. Fund Equity – Governmental Fund Financial Statements

Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in a spendable form or legally or contractually required to be maintained intact. Restrictions in fund balance are reported for amounts constrained by legal restrictions from outside entities. Committed fund balance is constrained by an ordinance of the City Council, which is considered the City's highest level of decision making authority. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose but do not meet the criteria to be classified as committed. The City Council by resolution authorized the Comptroller to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first, followed by assigned and then unassigned.

O. Investment in Joint Venture

The Kankakee Environmental Services Utility has two investments in joint ventures which are reported on the equity method of accounting.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items which qualify for reporting in this category, which includes the deferred charge on bond refunding, pension plans' assumption changes, the difference between projected and actual earning on pension plans' investments and pension contributions which were made subsequent to the pension liability measurement date. They are all reported in the government-wide statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The pension plans' assumption changes and difference between projected and actual earnings on pension plans' investments is deferred and amortized over the average future service. The pension contributions which were made subsequent to the pension liability measurement date are deferred and recognized as an outflow of resources in the period that they become available.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of these items, which qualify for reporting in this category, including grant, license and fee revenue received in advance of meeting the time requirements as well as property taxes reported as a receivable prior to the period for which it was levied. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are intended to finance on both the government-wide statement of net position and the governmental fund balance sheet. The City also has other deferred inflows of resources that arise only under a modified accrual basis of accounting that also qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue of special assessments and loan receivables. The City also has deferred inflow of resources resulting from pension plans' difference between expected and actual experience, which is reported in the government-wide statement of net position only and is amortized over the average future service. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS:

Investing is performed in accordance with investment policies complying with state statutes (as outlined in the Illinois Public Funds Act of 1943) and City charter. These statutes and the City charter authorize the City to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, shares of a diversified open-end management investment company, state pooled investment funds, or repurchase agreements of government securities through banks or trust companies. Police and Fire pension investments are governed by the Illinois Pension Code which authorize, in addition to the above investments, investments in common stock, mutual funds and life insurance company contracts. The City's Police and Firefighters' Pension Funds, under the direction of their respective Boards of Trustees, contractually delegate investment oversight to investment managers.

The City maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and all special revenue funds (except the Motor Fuel Tax Fund and the Community Development Agency). In addition, non-pooled cash and investments are separately held by several of the City's funds including component units. The deposits and investments of the pension trust funds are held separately from those of the other City funds.

Deposits:

The City, component units and pension trust funds' investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the City's agent and held in the name of the City, component units and pension trust funds, respectively.

At April 30, 2017, the carrying amount of the City's deposits for governmental and business-type activities was \$11,557,412 and the bank balance was \$12,232,709. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

At April 30, 2017, the carrying amount of deposits of fiduciary activities was \$889,006 and the bank balance was \$895,437 of which \$78,442 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

At April 30, 2017, the carrying amount of deposits of the City's component units was \$968,712 and the bank balance was \$1,078,654 of which \$649,307 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

Investments:

The following table presents the investments and investment maturities of the City and its component units as of April 30, 2017. Categorized investments are insured or registered for which the securities are held by the City or its agent in the City's name. Uncategorized investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$10,333,527	\$10,333,527			
Illinois Metropolitan Investment Fund (IMET)	140,411	140,411			
	<u>10,473,938</u>	<u>10,473,938</u>	\$ -0-	\$ -0-	\$ -0-
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	3,803,182	280,793	2,157,823	712,210	652,356
U.S. Government agencies	569,717	80,987	281,337	186,801	20,592
State and local obligation	506,404		277,968	15,909	212,527
Uncategorized investments:					
Corporate bonds	5,051,810	150,486	2,106,357	1,712,982	1,081,985
Mutual funds	10,446,104	10,446,104			
Money market	770,400	770,400			
Common stock (1)	<u>8,487,638</u>				
	<u>29,635,255</u>	<u>11,728,770</u>	<u>4,823,485</u>	<u>2,627,902</u>	<u>1,967,460</u>
Total investments	<u>\$40,109,193</u>	<u>\$22,202,708</u>	<u>\$4,823,485</u>	<u>\$2,627,902</u>	<u>\$1,967,460</u>

(1) Risk disclosures do not apply to equities.

The investments in the securities of U.S. government agencies were all rated AA+ by Standard & Poor's, and Aaa by Moody's Investors Services. The securities of U.S. government agencies at April 30, 2017 consist of the following:

	<u>Fiduciary</u>
FHLMC	\$130,664
FNMA	387,904
GNMA	15,095
TVA	<u>36,055</u>
Total	<u>\$569,718</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

The City invests in Illinois Funds, an external investment pool administered by the State Treasurer, which is rated AAAM by Standard & Poor's Investment Services. The City also invests in Illinois Metropolitan Investment Fund, an external investment pool administered by and for Illinois public funds managers and financial officers, which is rated Aaa/bf by Moody's Investors Services. No rating is available for the City's investment in money market funds and corporate bonds which are managed by an investment broker.

Interest Rate Risk

The City's investment policy limits investment maturities in the General Fund and special revenue funds to a maximum of 36 months. Investments in other funds may be purchased with a longer maturity to match future project or liability requirements as limited by bond ordinances. However, in practice, the City generally limits the average duration of its investments to less than one year in order to control fair value losses arising from increasing interest rates and to remain sufficiently liquid to meet operating needs. Interest rate risk for investments held by pension trust funds is managed by establishing investment parameters for the investment managers.

Credit Risk

The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Trust Funds, prescribe to the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived." The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. According to the City's investment policy governing diversification, its investment in Illinois Funds shall not exceed 40 percent of the total investment portfolio unless specifically authorized by the City Council. The City places no limit on the amount the City may invest in any other issuer. The Police and Firefighters' Pension Trust Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code.

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS:

The City contributes to three defined benefit pension plans. The City participates in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The City's Police Pension Plan and Firefighters' Pension Plan are single-employer pension plans.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

A. Pension Expense:

The City for the fiscal year ended April 30, 2017 recognized a pension expense of \$10,058,186. The pension expense is made up of the following components:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Service cost	\$ 629,778	\$1,285,713	\$1,045,241
Interest on total pension liability	3,066,036	4,772,986	4,100,479
Projected earning on pension plan investments	(2,714,157)	(1,335,723)	(687,243)
Change in benefit terms	-0-	-0-	-0-
Employee contributions	(267,181)	(515,222)	(353,974)
Pension plan administrative expense	-0-	35,499	39,424
Other changes	27,659	-0-	-0-
Current period recognition of deferred outflows (inflows) of resources:			
Differences between expected and actual in measurement of total pension liability	(262,351)	(451,069)	(443,439)
Change in assumptions	(15,148)	653,035	402,389
Differences between projected and actual earnings on pension plan investments	563,280	291,548	175,094
Change in pension contributions which were made subsequent to pension liability measurement date	<u>15,532</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>1,043,448</u>	\$ <u>4,736,767</u>	\$ <u>4,277,971</u>
Governmental activities – pension expense	\$ 257,445	\$4,736,767	\$4,277,971
Business-type activities – pension expense	676,448	-0-	-0-
Component units - pension expense	<u>109,555</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>1,043,448</u>	\$ <u>4,736,767</u>	\$ <u>4,277,971</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

B. Deferred Outflows and inflows of Resources Related to Pension:

The City, at April 30, 2017, had the following deferred outflows and inflows of resources related to pensions:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Deferred outflows of resources	<u>\$1,986,854</u>	<u>\$3,638,285</u>	<u>\$3,779,314</u>
Deferred inflows of resources	<u>\$529,544</u>	<u>\$3,183,147</u>	<u>\$3,259,903</u>
Deferred outflows of resources:			
Governmental activities	\$ 490,208	\$3,638,285	\$3,779,314
Business-type activities	1,288,040	-0-	-0-
Component units	<u>208,606</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources	<u>\$1,986,854</u>	<u>\$3,638,285</u>	<u>\$3,779,314</u>
Deferred inflows of resources:			
Governmental activities	\$130,652	\$3,183,147	\$3,259,903
Business-type activities	343,293	-0-	-0-
Component units	<u>55,599</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources	<u>\$529,544</u>	<u>\$3,183,147</u>	<u>\$3,259,903</u>

C. Net Pension Liability:

The components of the net pension liability as of April 30, 2017 calculated in accordance with GASB Statement No. 67 were as follows:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Total pension liability	\$43,045,883	\$69,481,441	\$58,448,162
Plan fiduciary net position	<u>38,156,657</u>	<u>20,670,902</u>	<u>10,438,860</u>
Net pension liability	<u>\$ 4,889,226</u>	<u>\$48,810,539</u>	<u>\$48,009,302</u>
Governmental activities - net pension liability	\$1,206,296	\$48,810,539	\$48,009,302
Business-type activities - net pension liability	3,169,593	-0-	-0-
Component units - net pension liability	<u>513,337</u>	<u>-0-</u>	<u>-0-</u>
Net pension liability	<u>\$4,889,226</u>	<u>\$48,810,539</u>	<u>\$48,009,302</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.64%</u>	<u>29.75%</u>	<u>17.86%</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

D. Illinois Municipal Retirement Fund:

Plan Description

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

The IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	143
Inactive Plan members entitled to but not yet receiving benefits	82
Active Plan members	<u>117</u>
Total	<u>342</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Contributions

As set by statute, the City's employees are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2016 was 12.70 percent. For the fiscal year ended April 30, 2017, the City contributed \$731,410 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

The City has recorded an accrual of \$58,453 for its April 2017 contributions due to IMRF.

Deferred Outflows and inflows of Resources Related to Pension

The City, at April 30, 2017, had the following deferred outflows and inflows of resources related to IMRF:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Deferrals at measurement date (December 31, 2016):		
Change in assumptions	\$ 20,796	\$ 68,667
Difference between expected and actual experience in measurement of the total pension liability		460,877
Difference between projected and actual earnings on plan fiduciary net position	<u>1,733,688</u>	<u> </u>
Total deferrals at measurement date	1,754,484	529,544
Pension contributions made subsequent to measurement date	<u>232,370</u>	<u> </u>
Total deferrals April 30, 2017	<u>\$1,986,854</u>	<u>\$529,544</u>

The amounts reported as deferred outflows resulting from pension contributions made subsequent to the measurement date in the above table will be recognized as reductions in the net pension liabilities for the year ending December 31, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows of Resources</u>
2017	\$ 285,781
2018	369,207
2019	526,106
2020	<u>43,846</u>
Total	<u>\$1,224,940</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Assumptions:	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Discount rate	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These expected future real rate of return are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Best estimates of geometric real rate of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target</u>	<u>Long-term expected real rate of return</u>
Equities	38%	6.85%
International Equities	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternatives	9%	
Private Equity		7.35%
Hedge Funds		5.25%
Commodities		2.65%
Cash Equivalents	<u>1%</u>	2.25%
	<u>100%</u>	

Single Discount Rate

A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.78 percent and the resulting single discount rate is 7.50 percent.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2015	\$41,686,474	\$36,715,793	\$ 4,970,681
Changes for the year:			
Service cost	629,778		629,778
Interest on the total pension liability	3,066,036		3,066,036
Changes of benefit terms	-0-		-0-
 Differences between expected and actual experience of the total pension liability	 (216,014)		 (216,014)
Changes of assumptions	(97,231)		(97,231)
Differences between projected and actual earnings on pension plan investments			
Contributions – employer		729,567	(729,567)
Contributions – employees		267,181	(267,181)
Net investment income		2,494,935	(2,494,935)
Benefit payments, including refunds of employee contributions	(2,023,160)	(2,023,160)	
Other (Net transfer)	_____	(27,659)	27,659
 Net changes	 1,359,409	 1,440,864	 (81,455)
Balances at December 31, 2016	\$43,045,883	\$38,156,657	\$ 4,889,226

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 7.50 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net pension liability (asset)	\$10,144,103	\$4,889,226	\$585,694

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

E. Police Pension Fund:

Plan Description

The City's sworn police personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels and benefit provisions are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Police Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Benefits Provided

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50 percent of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of three percent or 50 percent of the Consumer Price Index beginning the later of the anniversary and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefit at the time of death.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Employees Covered by Benefit Terms

As of April 30, 2017, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	62
Inactive Plan members entitled to but not yet receiving benefits	-0-
Active Plan members	<u>67</u>
Total	<u>129</u>

Contributions

Employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2017, the City contributed \$2,405,298 to the plan.

Deferred Outflows and Inflows of Resources Related to Pension

The City, at April 30, 2017, had the following deferred outflows and inflows of resources related to Police Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2017):			
Change in assumptions	\$2,650,917	\$1,698,429	\$ 952,488
Difference expected and actual experience in measurement of the total pension liability		1,334,424	(1,334,424)
Difference between projected and actual earnings on plan fiduciary net position	<u>987,368</u>	<u>150,294</u>	<u>837,074</u>
Total deferrals at measurement date	<u>\$3,638,285</u>	<u>\$3,183,147</u>	<u>\$ 455,138</u>

The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending April 30,</u>	<u>Net Deferral Outflows (Inflows)</u>
2018	\$ 493,515
2019	493,515
2020	(186,516)
2021	(345,376)
Total	\$ <u>455,138</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Assumptions:	
Inflation	2.50%
Salary increases	5.00%
Discount rate	7.00%
Retirement age	50-70

Mortality rates were based on the RP 2014 Mortality Table projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Investment Policy

The ILCS limits the Police Pension Fund investments to those allowable by the ILCS and require the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Police Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Police Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No changes were made during the current year to investment policy.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	38%	4.90%
Domestic Equities	40%	9.10%
International Equities	20%	8.70%
Cash	<u>2%</u>	3.40%
Total	<u>100%</u>	

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

ILCS limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in April 2017 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2016. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding inflation for each major asset class included in the Police Pension Fund's target asset allocation as of April 30, 2017, are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds.

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Single Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projections of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Police Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) – (B)</u>
Balances at April 30, 2016	\$69,562,466	\$19,016,182	\$50,546,284
Changes for the year:			
Service cost	1,285,713		1,285,713
Interest on the total pension liability	4,772,986		4,772,986
Changes of benefit terms	-0-		-0-
Differences between expected and actual experience of the total pension liability	(1,187,865)		(1,187,865)
Changes of assumptions	(2,197,967)		(2,197,967)
Differences between projected and actual earnings on pension plan investments	-0-		-0-
Contributions –employer		2,405,298	(2,405,298)
Contributions – employees		515,222	(515,222)
Net investment income		1,523,591	(1,523,591)
Administrative expense		(35,499)	35,499
Benefit payments, including refunds of employee contributions	(2,753,892)	(2,753,892)	-0-
Other (Net transfer)	<u> </u>	<u>-0-</u>	<u>-0-</u>
Net changes	(81,025)	1,654,720	(1,735,745)
Balances at April 30, 2017	\$69,481,441	\$20,670,902	\$48,810,539

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(6.00%)</u>	Current Discount <u>(7.00%)</u>	1% Higher <u>(8.00%)</u>
Net pension liability	\$ 57,829,019	\$48,810,539	\$41,345,931

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

F. Firefighters' Pension Fund:

Plan Description

The City's Sworn firefighter personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Firefighters' Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

Benefits Provided

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5 percent of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75 percent of such monthly salary.

Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit ranging from 15 percent of final salary for 10 years of service to 45.6 percent for 19 years of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54 percent of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12 percent of final salary. The maximum family survivor benefit is 75 percent of final salary.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3 percent of the amount of the pension payable at the time of the increase.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

For employees hired after January 1, 2011, the annual retirement benefit is 2.5 percent of final average salary for each year of service up to 30 years, to a maximum of 75 percent of such salary, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and early retirement factor of 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of 3 percent or 50 percent of Consumer Price Index beginning the later of the anniversary date and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefits at the time of death.

Employees Covered by Benefit Terms

As of April 30, 2017, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	70
Inactive Plan members entitled to but not yet receiving benefits	4
Active Plan members	<u>49</u>
Total	<u>123</u>

Contributions

Employees are required by ILCS to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2017, the City contributed \$2,477,099 to the plan.

Deferred Outflows and Inflows of Resources Related to Pension

The City, at April 30, 2017, had the following deferred outflows and inflows of resources related to Firefighters' Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2017):			
Change in assumptions	\$3,215,345	\$1,597,520	\$ 1,617,825
Difference expected and actual experience in measurement of the total pension liability		1,610,800	(1,610,800)
Difference between projected and actual earnings on plan fiduciary net position	<u>563,969</u>	<u>51,583</u>	<u>512,386</u>
Total deferrals at measurement date	<u>\$3,779,314</u>	<u>\$3,259,903</u>	<u>\$ 519,411</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Net Deferred</u> <u>Outflows (Inflows)</u>
2018	\$134,044
2019	134,044
2020	134,044
2021	<u>117,279</u>
Total	<u>\$519,411</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Assumptions:	
Inflation	2.50%
Salary increases	5.00%
Discount rate	7.00%
Retirement age	50-70

Mortality rates were based on the RP 2014 Mortality Table projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Investment Policy

The ILCS limits the Firefighters' Pension Fund investments to those allowable by the ILCS and require the Firefighters' Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Firefighters' Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classification by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Firefighters' Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No changes were made during the current year to investment policy.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

ILCS limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The Firefighters' Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	38%	4.90%
Domestic Equities	40%	9.10%
International Equities	20%	8.70%
Cash	<u>2%</u>	3.40%
Total	<u>100%</u>	

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in April 2017 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2014. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding inflation for each major asset class included in the Firefighters' Pension Fund's target asset allocation as of April 30, 2017 are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds.

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.35 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Single Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projections of cash flows used to determine the rate discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Firefighters Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Firefighters Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at April 30, 2016	<u>\$60,104,722</u>	<u>\$9,948,378</u>	<u>\$50,156,344</u>
Changes for the year:			
Service cost	1,045,241		1,045,241
Interest on the total pension liability	4,100,479		4,100,479
Changes of benefit terms	-0-		-0-
Differences between expected and actual experience of the total pension liability	(1,708,118)		(1,708,118)
Changes of assumptions	(2,041,275)		(2,041,275)
Differences between projected and actual earnings on pension plan investments	-0-		-0-
Contributions – employer		2,477,099	(2,477,099)
Contributions – employees		353,974	(353,974)
Net investment income		751,720	(751,720)
Administrative expense		(39,424)	39,424
Benefit payments, including refunds of employee contributions	(3,052,887)	(3,052,887)	-0-
Other (Net transfer)	<u> </u>	<u>-0-</u>	<u>-0-</u>
Net changes	<u>(1,656,560)</u>	<u>490,482</u>	<u>(2,147,042)</u>
Balances at April 30, 2017	<u>\$58,448,162</u>	<u>\$ 10,438,860</u>	<u>\$48,009,302</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(6.00%)</u>	Current Discount <u>(7.00%)</u>	1% Higher <u>(8.00%)</u>
Net pension liability	\$ <u>55,172,119</u>	\$ <u>48,009,302</u>	\$ <u>42,041,742</u>

G. Pension Financial Statements:

The following is a combining statement of plan net position as of April 30, 2017:

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets:			
Cash and short-term investments	\$ 746,065	\$ 914,983	\$ 1,661,048
Receivables, less allowance for uncollectible amounts:			
Employee contributions	21,248	14,402	35,650
Employer contributions	592,326	353,721	946,047
Interest	54,860	30,564	85,424
Investments, at fair value:			
Open-end mutual funds	6,785,067	3,661,037	10,446,104
Corporate securities	6,117,814	2,369,824	8,487,638
U.S. Treasury and agency securities	2,885,235	1,487,665	4,372,900
Corporate bonds	3,367,304	1,684,506	5,051,810
State and local obligations	333,719	172,685	506,404
Prepaid items	<u> </u>	<u>9,792</u>	<u>9,792</u>
Total assets	20,903,638	10,699,179	31,602,817
Liabilities:			
Benefits and other payables	<u>232,735</u>	<u>262,369</u>	<u>495,104</u>
Net position restricted for pensions	<u>\$20,670,903</u>	<u>\$10,436,810</u>	<u>\$31,107,713</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The following is a combining statement of changes in plan net position for the year ended April 30, 2017:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 2,405,298	\$ 2,477,099	\$4,882,397
Employee	<u>515,222</u>	<u>353,974</u>	<u>869,196</u>
Total contributions	<u>2,920,520</u>	<u>2,831,073</u>	<u>5,751,593</u>
Investment income:			
Net change in			
fair value of investments	1,255,817	(573,239)	682,578
Interest and dividends	399,736	1,397,247	1,796,983
Less: investment expenses	<u>(131,931)</u>	<u>(70,790)</u>	<u>(202,721)</u>
Net investment income	<u>1,523,622</u>	<u>753,218</u>	<u>2,276,840</u>
Total additions	<u>4,444,142</u>	<u>3,584,291</u>	<u>8,028,433</u>
Deductions:			
Benefits	2,751,958	3,001,634	5,753,592
Refund of contributions	1,933	51,253	53,186
Administrative expenses	<u>35,530</u>	<u>42,972</u>	<u>78,502</u>
Total deductions	<u>2,789,421</u>	<u>3,095,859</u>	<u>5,885,280</u>
Change in net position	1,654,721	488,432	2,143,153
Net position restricted for pensions:			
May 1, 2016	<u>19,016,182</u>	<u>9,948,378</u>	<u>28,964,560</u>
April 30, 2017	<u>\$20,670,903</u>	<u>\$10,436,810</u>	<u>\$31,107,713</u>

H. Significant Investments:

There are no significant investments (other than those guaranteed or issued by the U.S. government) in any one organization that represent 5 percent or more of the net position available for benefits except for the following investments:

Police Pension Fund:

SPDR S&P 500 EFT Trust	\$1,476,234
SPDR S&P MIDCAP 400 EFT Trust	1,124,329
Vanguard FTSE Developer Markets	<u>1,295,483</u>
	<u>\$3,896,046</u>

Firefighters Pension Fund:

SPDR S&P 400 EFT Trust	\$1,190,400
Vanguard International Equity Index Fund	<u>756,865</u>
	<u>\$1,947,265</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

In addition to providing the pension benefits described, the City provides post-employment health care benefits for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund; an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the City's governmental and business-type activities.

Benefits Provided

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the City-sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the City's health plan as a supplement to other plans for which the retirees are eligible.

Membership

At April 30, 2017, membership consisted of:

Retirees and dependents	22
Actives fully eligible to retire	35
Actives not yet fully eligible to retire	<u>159</u>
Total	<u>216</u>

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan (except for the sewer operators of Local 399 and exempt employees of the Kankakee Environmental Services Utility retirees who contribute 20% of premium for up to the first three years only), to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2017, the City contributed \$178,510 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):

Annual OPEB Costs and Net OPEB Obligation

The City had its actuarial valuation performed for the plan as of April 30, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year Ending April 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$375,080	\$178,510	48.0%	\$1,504,024
2016	348,266	175,729	50.0%	1,307,455
2015	333,803	130,293	39.0%	1,134,919

The net OPEB obligation (NOPEBO) as of April 30, 2017, was calculated as follows:

Annual required contribution	\$ 366,364
Interest on net OPEB obligation	52,298
Adjustment to annual required contribution	<u>(43,583)</u>
Annual OPEB cost	375,079
Contributions made	<u>(178,510)</u>
Change in net OPEB obligation	196,569
Net OPEB obligation, beginning of year	<u>1,307,455</u>
Net OPEB obligation, end of year	<u>\$1,504,024</u>

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2017 was as follows:

Actuarial accrued liability (AAL)	\$ 4,993,545
Actuarial value of plan assets	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	4,993,545
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	14,546,161
UAAL as a percentage of covered payroll	34.33%

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 3.70 percent initially with the second year at 7.25 percent and 5.50 percent ultimately. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2017, was 30 years.

NOTE 5 - PROPERTY TAXES:

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector who remits to the City its share of the collection. Taxes levied for calendar year 2015 were due, payable, and collected in two installments in June and September 2016.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year end. Property taxes levied for calendar year 2015 were intended to finance the fiscal year 2017 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2017 for collections from the calendar year 2015 levy if it was received by June 30, 2017. Property taxes levied for calendar year 2016, which will be collected in fiscal year 2018, are recorded as receivables and deferred revenue as of April 30, 2017. The 2017 tax levy, which attaches as an enforceable lien on property as of January 1, 2017, has not been recorded as a receivable as of April 30, 2017, as the tax has not yet been levied by the City and will not be levied until December 2017, and therefore, the levy is not measurable at April 30, 2017.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 6 - CAPITAL ASSETS:

The beginning balance of construction in progress for the capital assets of the Business-type Activities was restated to correct certain errors identified in the prior period. See Note 20. A summary of changes in capital assets of the City and its component units for the year ended April 30, 2017 is as follows:

	Balance <u>May 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance April 30, <u>2017</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,464,137	\$ 117,930		\$ 5,582,067
Construction in progress	<u>1,838,085</u>	<u>643,368</u>	<u>\$461,441</u>	<u>2,020,012</u>
Total capital assets not being depreciated	<u>7,302,222</u>	<u>761,298</u>	<u>461,441</u>	<u>7,602,079</u>
Capital assets being depreciated:				
Buildings	14,282,745			14,282,745
Equipment	1,222,958	96,218		1,319,176
Vehicles	4,492,524	135,582	66,745	4,561,361
Land improvements	3,710,528	461,441		4,171,969
Infrastructure	<u>79,720,293</u>	<u> </u>	<u> </u>	<u>79,720,293</u>
Total capital assets being depreciated	<u>103,429,048</u>	<u>693,241</u>	<u>66,745</u>	<u>104,055,544</u>
Less accumulated depreciation:				
Buildings	2,283,254	204,971		2,488,225
Equipment	881,464	123,897		1,005,361
Vehicles	3,167,003	252,953	57,683	3,362,273
Land improvements	1,887,749	196,638		2,084,387
Infrastructure	<u>20,783,904</u>	<u>986,608</u>	<u> </u>	<u>21,770,512</u>
Total accumulated depreciation	<u>29,003,374</u>	<u>1,765,067</u>	<u>57,683</u>	<u>30,710,758</u>
Total capital assets being depreciated, net	<u>74,425,674</u>	<u>(1,071,826)</u>	<u>9,062</u>	<u>73,344,786</u>
Total capital assets, net	\$ <u>81,727,896</u>	\$ <u>(310,528)</u>	<u>\$470,503</u>	\$ <u>80,946,865</u>

Depreciation expense for governmental activities for the year ended April 30, 2017 was charged to functions as follows:

General government	\$ 379,698
Public safety	398,761
Highways and streets	<u>986,608</u>
	<u>\$1,765,067</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 6 - CAPITAL ASSETS (Continued):

	Balance May 1, 2016 (Restated)	Additions	Deletions	Balance April 30, 2017
Business-type activities:				
Kankakee Environmental Services Utility:				
Capital assets not being depreciated:				
Land	\$ 652,263			\$ 652,263
Construction in progress	<u>9,248,678</u>	—	<u>\$9,248,678</u>	<u>-0-</u>
Total capital assets not being depreciated	<u>9,900,941</u>	\$ -0-	<u>9,248,678</u>	<u>652,263</u>
Capital assets being depreciated:				
Buildings	11,965,986			11,965,986
Equipment	3,695,810	93,244		3,789,054
Vehicles	3,050,609	22,962		3,073,571
Leasehold improvements	289,696			289,696
Infrastructure	<u>30,517,492</u>	<u>11,837,239</u>	—	<u>42,354,731</u>
Total capital assets being depreciated	<u>49,519,593</u>	<u>11,953,445</u>	<u>-0-</u>	<u>61,473,038</u>
Less accumulated depreciation:				
Buildings	6,540,764	233,200		6,773,964
Equipment	3,144,793	146,727		3,291,520
Vehicles	2,407,161	162,321		2,569,482
Leasehold improvements	103,088	7,019		110,107
Infrastructure	<u>13,990,311</u>	<u>773,439</u>	—	<u>14,763,750</u>
Total accumulated depreciation	<u>26,186,117</u>	<u>1,322,706</u>	<u>-0-</u>	<u>27,508,823</u>
Total capital assets being depreciated, net	<u>23,333,476</u>	<u>10,630,739</u>	<u>-0-</u>	<u>33,964,215</u>
Total capital assets, net	<u>\$33,234,417</u>	<u>\$10,630,739</u>	<u>\$9,248,678</u>	<u>\$34,616,478</u>
Motor Vehicle Parking:				
Capital assets not being depreciated:				
Land	<u>\$1,443,808</u>	\$-0-	\$-0-	<u>\$1,443,808</u>
Capital assets being depreciated:				
Equipment	82,384			82,384
Vehicles	18,555			18,555
Land improvements	<u>731,992</u>	—	—	<u>731,992</u>
Total capital assets being depreciated	<u>832,931</u>	<u>-0-</u>	<u>-0-</u>	<u>832,931</u>
Less accumulated depreciation:				
Equipment	82,384			82,384
Vehicles	18,555			18,555
Land improvements	<u>731,992</u>	—	—	<u>731,992</u>
Total accumulated depreciation	<u>832,931</u>	<u>-0-</u>	<u>-0-</u>	<u>832,931</u>
Total capital assets being depreciated, net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total capital assets, net	<u>\$1,443,808</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$1,443,808</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 6 - CAPITAL ASSETS (Continued):

	Balance May 1, 2015	Additions	Deletions	Balance April 30, 2016
Component Units:				
Kankakee Public Library:				
Capital assets being depreciated:				
Buildings	\$7,758,883			\$7,758,883
Equipment	59,489			59,489
Leasehold improvements	<u>294,670</u>	—	—	<u>294,670</u>
Total capital assets being depreciated	<u>8,113,042</u>	\$ -0-	\$-0-	<u>8,113,042</u>
Less accumulated depreciation:				
Buildings	1,742,298	104,338		1,846,636
Equipment	59,489			59,489
Leasehold improvements	<u>136,198</u>	<u>14,734</u>	—	<u>150,932</u>
Total accumulated depreciation	<u>1,937,985</u>	<u>119,072</u>	-0-	<u>2,057,057</u>
Total capital assets, net	<u>\$6,175,057</u>	\$(<u>119,072</u>)	\$-0-	<u>\$6,055,985</u>
Special Service Area No. 1:				
Capital assets being depreciated:				
Land improvements	<u>\$1,126,132</u>	\$ -0-	\$-0-	<u>\$1,126,132</u>
Less accumulated depreciation:				
Land improvements	<u>470,732</u>	<u>54,918</u>	-0-	<u>525,650</u>
Total capital assets, net	\$ <u>655,400</u>	\$ (<u>54,918</u>)	\$-0-	\$ <u>600,482</u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at April 30, 2017 consisted of the following:

Primary government:

Governmental funds:

Due to General Fund from:

Capital Projects Fund

\$ 80,147

Nonmajor governmental funds

1,036,969

\$1,117,116

Component units:

Library

\$102,302

Due to Capital Projects Fund from:

Nonmajor governmental funds

\$227,749

Component units:

SSA No. 1

\$40,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES (Continued):

Due to nonmajor governmental funds from:	
Nonmajor governmental funds	\$ 802,698
General Fund	211,087
Capital Projects Fund	50,545
Kankakee Environmental Services Utility	<u>74,156</u>
Total	<u>\$1,138,486</u>
Component units:	
Library	<u>\$15,881</u>
Enterprise funds:	
Due to Kankakee Environmental Services Utility from:	
General fund	\$ 21,178
Nonmajor governmental funds	<u>174,243</u>
Total	<u>\$195,421</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All these interfund balances are expected to be repaid within one year.

NOTE 8 - ACCOUNTS RECEIVABLE:

An analysis of the collectability of accounts receivable for sewer, garbage collection, public safety fees, Community Development Agency loans and other receivables was performed as of April 30, 2017. The analysis shows that the collection of approximately \$409,683 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2017, the City has deferred economic development loans receivable of \$532,367 since they will not be available to pay current period expenditures. All other receivables are scheduled for collection during the fiscal year ending April 30, 2018.

Accounts receivable at April 30, 2017, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Trash collection	\$ 160,024		\$ 160,024
Franchise fees	152,376		152,376
Public safety	203,593		203,593
Economic development loans		\$ 730,291	730,291
Other receivables	<u>98,133</u>	<u> </u>	<u>98,133</u>
Total	614,126	730,291	1,344,417
Less: allowance for doubtful accounts	<u>(180,283)</u>	<u>(193,400)</u>	<u>(373,683)</u>
Accounts receivable, net	\$ <u>433,843</u>	\$ <u>536,891</u>	\$ <u>970,734</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 8 - ACCOUNTS RECEIVABLE (Continued):

	Kankakee Environmental Services <u>Utility</u>
Business-type activities:	
Sewer charges	\$2,147,110
Garbage collection	<u>350,412</u>
Total	2,497,522
Less: allowance for doubtful accounts	(36,000)
Accounts receivable, net	<u>\$2,461,522</u>
	Kankakee Public <u>Library</u>
Component units:	
Sponsorships and other	\$4,108
Room/venue rental	<u>5,000</u>
Total	9,108
Less: allowance for doubtful accounts	<u>-0-</u>
Accounts receivable, net	<u>\$9,108</u>

NOTE 9 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

The following receivables are included in due from other governmental agencies:

Governmental activities:	
General Fund:	
Sales tax	\$ 990,871
Local use tax	162,076
State replacement tax	117,581
Income tax	419,759
Gaming tax	42,509
Various grants	<u>81,802</u>
Total General Fund	<u>1,814,598</u>
Capital Projects Fund:	
Riverfront trail – Reimbursement from Transportation	<u>21,671</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 9 - DUE FROM OTHER GOVERNMENTAL AGENCIES (Continued):

Nonmajor governmental funds:	
CDBG Grant	\$ 26,804
Lead Grant	41,931
Motor Fuel Taxes	<u>60,291</u>
Total nonmajor governmental funds	<u>129,026</u>
Total governmental activities	<u>\$1,965,295</u>
Business-type activities:	
Kankakee Environmental Services Utility:	
Kankakee Township	<u>\$157,197</u>

NOTE 10 - SPECIAL ASSESSMENTS:

The special assessments receivable of \$665,966 results from the creation of Indian Meadows Special Tax Assessment District for infrastructure costs. The special assessments are recorded when levied. Deferred assessments consist of unbilled special assessments which are liens against the property benefited. \$309,466 of the special assessments receivable is not expected to be collected within one year.

NOTE 11 - LONG-TERM DEBT OBLIGATIONS:

The beginning balances of net pension liability for the long-term obligations of the City and its component units were restated to adjust for errors occurred in prior year. See Note 20.

A summary of changes in long-term debt for the year ended April 30, 2016 is as follows:

	Balance May 1, 2016 (Restated)	Increases	Decreases	Balance April 30, 2017	Due within One Year
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 47,674,531		\$ 5,252,496	\$ 42,422,035	\$4,867,035
Premium on bond proceeds	<u>755,848</u>		<u>137,676</u>	<u>618,172</u>	
Total bonds payable	48,430,379	\$ -0-	5,390,172	43,040,207	4,867,035
Installment notes	1,297,580		356,615	940,965	870,965
Net pension liability	102,009,509		3,983,372	98,026,137	
Compensated absences	5,124,000	875,000	1,259,000	4,740,000	1,674,000
Net other post-employment benefit obligation	<u>969,384</u>	<u>284,498</u>	<u>135,400</u>	<u>1,118,482</u>	
Total long-term debt	<u>\$157,830,852</u>	<u>\$1,159,498</u>	<u>\$11,124,559</u>	<u>\$147,865,791</u>	<u>\$7,412,000</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	Balance May 1, 2016 (Restated)	Increases	Decreases	Balance April 30, 2017	Due within One Year
Business-type activities:					
Kankakee Environmental Services Utility:					
Bonds Payable:					
Revenue bonds	\$20,125,000		\$ 500,000	\$19,625,000	\$ 730,000
Premium (discount) on bond proceeds	<u>158,576</u>		<u>7,826</u>	<u>150,750</u>	
Total bonds payable	20,283,576	\$ -0-	507,826	19,775,750	730,000
Illinois EPA loan	3,921,202	127,708	174,468	3,874,442	180,865
Net pension liability	3,088,735	80,859		3,169,594	
Compensated absences	1,075,200	494,500	450,600	1,119,100	460,000
Net other post-employment benefit obligation	<u>338,071</u>	<u>47,471</u>		<u>385,542</u>	
Total long-term debt	<u>\$28,706,784</u>	<u>\$750,538</u>	<u>\$1,132,894</u>	<u>\$28,324,428</u>	<u>\$1,370,865</u>
Component units:					
Capital lease obligations	\$2,347,982		\$139,995	2,207,987	\$147,158
Net pension liability	<u>575,065</u>		<u>61,728</u>	<u>513,337</u>	
Total long-term debt	<u>\$2,923,047</u>	<u>\$-0-</u>	<u>\$201,723</u>	<u>\$2,721,324</u>	<u>\$147,158</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund, Kankakee Environmental Services Utility, and Library Fund (a component unit), as applicable.

Long-term debt is comprised of the following:

General Obligation Bonds

**Governmental
Activities**

The City has issued several general obligation serial bonds to provide for the costs of the City's various public infrastructure and capital improvement programs. General obligation bonds at April 30, 2017, consist of the following:

\$1,422,327 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$267,496 to \$402,672, through January 2018, plus interest ranging from 4.25% to 4.36% payable annually.

\$ 402,035

\$6,930,000 City of Kankakee serial bonds dated June 1, 2008, due in annual installments on January 1 of amounts ranging from \$315,000 to \$1,075,000, through January 2024, plus interest ranging from 3.45% to 5.25% payable semiannually.

6,190,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>
\$10,180,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$80,000 to \$1,025,000 through January 2029, plus interest ranging from 2.30% to 5.00% payable semiannually.	\$9,460,000
\$14,905,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$35,000 to \$2,275,000, through January 2025, plus interest ranging from 3.00% to 5.00% payable semiannually.	3,470,000
\$5,000,000 City of Kankakee serial bonds dated April 27, 2011, due in annual installments on January 1 of amounts ranging from \$105,000 to \$955,000 through January 2025, plus interest ranging from 2.50% to 4.90% payable semiannually.	4,505,000
\$370,000 City of Kankakee bonds dated April 27, 2011, due in a single installment on January 1, 2020, plus interest of 4.10% payable semiannually.	370,000
\$2,645,000 City of Kankakee serial bonds dated March 13, 2012, due in annual installments on January 1 of amounts ranging from \$80,000 to \$465,000, through January 2019, plus interest ranging from 2.00% to 2.50% payable semiannually.	915,000
\$3,915,000 City of Kankakee serial bonds dated October 11, 2012, due in annual installments on January 1 of amounts ranging from \$20,000 to \$535,000, through January 2024, plus interest ranging from 2.00% to 2.90% payable semiannually.	2,920,000
\$3,790,000 City of Kankakee serial bonds dated November 1, 2012, due in annual installments on January 1 of amounts ranging from 100,000 to 1,820,000 through January 2020 plus interest ranging from 2.00% to 3.00% payable semiannually.	310,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>
\$2,635,000 City of Kankakee serial bonds dated December 23, 2013, due in annual installments on January 1 of amounts ranging from \$120,000 to \$620,000 through January 2024 plus interest ranging from 2.00% to 3.95% payable semiannually.	\$1,535,000
\$6,455,000 City of Kankakee serial bonds dated December 30, 2014, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,085,000 through January 2025 plus interest ranging from 2.00% to 4.00% payable semiannually.	6,000,000
\$3,665,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments on January 1 of amounts ranging from \$125,000 to \$675,000, through January 2027, plus interest ranging from 2.00% to 4.00% payable semiannually.	3,495,000
\$2,850,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments beginning on January 1, 2026 of amounts ranging from \$210,000 to \$315,000, through January 2036, plus interest of 4.00% payable semiannually.	<u>2,850,000</u>
Total general obligation bonds	42,422,035
Add: Unamortized premium on bond issuance	<u>618,172</u>
Total general obligation bonds payable	<u>\$43,040,207</u>

The annual requirements to amortize all general obligation bonds outstanding at April 30, 2017, are as follows:

Year Ending <u>April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,867,035	\$1,881,556	\$ 6,748,591
2019	5,290,000	1,490,883	6,780,883
2020	4,670,000	1,291,604	5,961,604
2021	3,910,000	1,116,694	5,026,694
2022	3,890,000	968,991	4,858,991
2023 – 2027	15,560,000	2,500,042	18,060,042
2028 – 2032	3,050,000	513,181	3,563,181
2033 – 2036	<u>1,185,000</u>	<u>120,800</u>	<u>1,305,800</u>
	<u>\$42,422,035</u>	<u>\$9,883,751</u>	<u>\$52,305,786</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>
<u>Installment Notes</u>	
Non-interest bearing \$200,000 loan dated February 22, 2005, from the Illinois Finance Authority for the purchase of a fire truck, payable in twenty annual installments of \$10,000, commencing on November 1, 2005 through November 1, 2024.	\$ 80,000
\$2,876,532 general obligation bank note, dated January 30, 2008, secured by the full faith, credit and resources of the City, payable in 10 annual installments of \$352,500, including interest at 4.14%, through January 1, 2018.	360,965
\$500,000 Department of Housing and Urban Development Community Development Block Grant (CDBG) Section 108 loan dated February 27, 2008, secured by current and future CDBG funding allocations. The loan is payable in a one time payment of \$500,000 on December 2017, plus interest paid semi-annually at 1.64%.	<u>500,000</u>
Total installment notes	<u>\$940,965</u>

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2017, are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$870,965	\$19,058	\$890,023
2019	10,000		10,000
2020	10,000		10,000
2021	10,000		10,000
2022	10,000		10,000
2023 - 2025	<u>30,000</u>		<u>30,000</u>
	<u>\$940,965</u>	<u>\$19,058</u>	<u>\$960,023</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Capital Lease Obligation

The City has entered into a lease agreement as lessee for financing the acquisition of the library building. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments in the accompanying financial statements. The following is a schedule of capital lease obligations and the minimum lease payments:

	<u>Component Unit</u> <u>Library</u>
\$7,758,882 lease, plus interest of \$2,628,206, due in monthly installments of \$21,185, including interest, through October 2028. Payable from Kankakee Public Library Fund, a component unit.	<u>\$2,207,987</u>

The following is an analysis of the assets recorded under capital leases at April 30, 2016:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Book</u> <u>Value</u>
Component Units - Library:			
Buildings	<u>\$7,758,883</u>	<u>\$1,846,636</u>	<u>\$5,912,247</u>

Future minimum lease payments for all capital lease obligations:

<u>Year Ending</u> <u>April 30,</u>	<u>Component Unit -</u> <u>Library</u>
2018	\$ 254,215
2019	254,215
2020	254,215
2021	254,215
2022	254,215
2023-2027	1,271,075
2028-2029	<u>360,141</u>
Total minimum lease payments	2,902,291
Less: amount representing interest	<u>(694,304)</u>
Present value of minimum lease payments	<u>\$2,207,987</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<u>Net Pension Liability</u>			
Cumulative difference between the total pension liability and the plan fiduciary net position for the Police Pension Fund	\$48,810,539		
Cumulative difference between the total pension liability and the plan fiduciary net position for the Firefighters' Pension Fund	48,009,302		
Cumulative difference between the total pension liability and the plan fiduciary net position for the Illinois Municipal Retirement Fund	<u>1,206,296</u>	<u>\$3,169,594</u>	<u>\$513,337</u>
Total net pension liability	<u>\$98,026,137</u>	<u>\$3,169,594</u>	<u>\$ 513,337</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Compensated Absences</u>		
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds.	<u>\$4,740,000</u>	<u>\$ 1,119,100</u>
<u>Net Other Post Employment Benefits</u>		
Cumulative difference between the actuarially determined annual other post-employment benefit cost and contributions made for the governmental funds and enterprise funds.	<u>\$1,118,482</u>	<u>\$385,542</u>

Illinois EPA Loan

In February 2015, the Utility was approved for a \$4,423,385 Illinois Environmental Protection Agency (IEPA) loan for the improvements to the Stone Street lift station, sewer main lining and sewer repairs. As of April 30, 2017, the Utility has net funds borrowed of \$4,124,007, including \$46,482 of capitalized interest and \$275,000 of forgiven principal on this loan. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.995%. At April 30, 2017, the Utility owes \$3,874,442 on this loan.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Debt service on the above Illinois EPA loan payable at April 30, 2017, is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,865	\$ 76,398	\$ 257,263
2019	184,492	72,771	257,263
2020	188,191	69,072	257,263
2021	191,964	65,299	257,263
2022	195,812	61,451	257,263
2023-2027	1,039,549	246,765	1,286,314
2028-2032	1,148,025	138,289	1,286,314
2033-2035	<u>745,544</u>	<u>26,244</u>	<u>771,788</u>
	<u>\$3,874,442</u>	<u>\$756,289</u>	<u>\$4,630,731</u>

Revenue Bonds

Details of the revenue bond indebtedness of the City's Environmental Services Utility Fund at April 30, 2017, are as follows:

	<u>Business-type</u> <u>Activities</u>
\$4,000,000 Sewer Utility serial bonds dated December 1, 2009, due in annual installments on May 1 of amounts ranging from \$220,000 to \$385,000, through May 1, 2024, plus interest at rates ranging from 2.00% to 5.80%, payable semiannually.	\$2,575,000
\$2,700,000 Taxable Sewer Utility serial bonds dated December 2, 2010, due in annual installments beginning on May 1, 2023 of amounts ranging from \$300,000 to \$380,000, through May 2030, plus interest at rates ranging from 5.35% to 6.50%, payable semiannually.	2,700,000
\$2,740,000 Sewer Utility serial bonds dated December 2, 2010, due in annual installments on May 1 of amounts ranging from \$15,000 to \$290,000, through May 2022, plus interest at rates ranging from 2.00% to 3.90%, payable semiannually.	1,595,000
\$2,170,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2017 of amounts ranging from \$215,000 to \$285,000, through May 2025, plus interest at rates ranging from 2.91% to 5.13%, payable semiannually.	2,170,000
\$3,550,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2025 of amounts ranging from \$95,000 to \$460,000, through May 2034, plus interest at rates ranging from 4.38% to 4.88%, payable semiannually.	3,550,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Business-type Activities</u>
\$7,035,000 Taxable Sewer Utility serial bonds dated August 27, 2015, due in annual installments beginning on May 1, 2018 of amounts ranging from \$55,000 to \$780,000, through May 2036, plus interest at rates ranging from 3.00% to 4.50%, payable semiannually.	<u>\$ 7,035,000</u>
Total revenue bonds	19,625,000
Add: Unamortized premium (discount) on bond issuance	<u>150,750</u>
Total revenue bonds payable	<u>\$19,775,750</u>

Debt service on the above revenue bonds payable at April 30, 2017, are as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 730,000	\$ 890,792	\$ 1,620,792
2019	805,000	863,573	1,668,573
2020	930,000	831,994	1,761,994
2021	1,035,000	793,617	1,828,617
2022	1,075,000	750,773	1,825,773
2023 - 2027	5,430,000	2,976,056	8,406,056
2028 - 2032	5,370,000	1,709,051	7,079,051
2033 - 2036	<u>4,250,000</u>	<u>464,006</u>	<u>4,714,006</u>
	<u>\$19,625,000</u>	<u>\$9,279,862</u>	<u>\$28,904,862</u>

Revenue bond ordinances of the Kankakee Environmental Services Utility require that certain reserve accounts be maintained at designated minimum dollar amounts or that specific monthly transfers be made to such accounts. The following shows such required reserve balances and the amounts actually reserved at April 30, 2017 in the Utility:

	<u>Required</u>	<u>Actual</u>	<u>Surplus (Deficit)</u>
Operation and maintenance	\$ 920,323	\$1,174,388	\$ 254,065
Bond reserve	1,828,617	1,775,037	(53,580)
Reserve and replacement	500,000	604,460	104,460
Bond and interest	1,180,440	729,505	(450,935)
Surplus reserve	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$4,429,380</u>	<u>\$4,333,390</u>	<u>\$ (95,990)</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Activities in the reserve accounts during the year ended April 30, 2017 were as follows:

Balance as of May 1, 2016	\$4,718,097
Additions to reserves	942,791
Revenue bond principal paid	(500,000)
Revenue bond interest paid	(827,498)
Balance as of April 30, 2017	<u>\$4,333,390</u>

The reserve account balances are represented in the Utility as restricted cash and investments. At April 30, 2017, the above amounts were insufficient to meet the minimum balance or reserve account transfer requirements of the revenue bond ordinance.

The Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all outstanding revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective reserve accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2017, the Utility did comply with this rate covenant. The covenant calculation is included on page 132.

Required Bond Indenture Disclosures

Insurance Coverage - The plant, buildings and contents of the Kankakee Environmental Services Utility were insured at April 30, 2017 for \$9,382,233 under the City of Kankakee master policy with the Liberty Mutual Insurance Company. The Utility is also included on the master umbrella liability policy with the Chubb Insurance Company and on the City's general liability and auto liability policies with Governmental Insurance Exchange. The master policy includes the following significant coverages:

	<u>Policy limits</u>
Property damage	\$37,453,870
General liability	10,000,000
Auto liability	6,000,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):

Customer and Flow Information - Most of the customers have a water meter; the number of unmetered customers is negligible. As of April 30, 2017 there were 9,318 customers providing sewer charge revenue as follows:

	<u>Number of Customers</u>	<u>Sewer Charges</u>
Residential and commercial	9,272	\$ 4,933,241
Industrial and institutional	<u>46</u>	<u>9,935,259</u>
Total	<u>9,318</u>	<u>\$14,868,500</u>

User Rates - The rates in effect at April 30, 2017 were as follows:

Flow charge (100 cu. ft.)	\$ 6.18
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.40
GW contaminated (100 cu. ft.)	12.90
Fixed charge (month)	40.85
Industrial pretreatment charges - increase	7.5%

Outstanding Bond Issues - 2009 bonds due May 1, 2011 to 2019 are noncallable in advance of maturity. 2009 bonds due May 1, 2020 to 2024 are callable on or after May 1, 2019. 2010A and B bonds due May 1, 2011 to 2019 are noncallable in advance of maturity. 2010A and B bonds due May 1, 2020 to 2030 are callable on or after May 1, 2020. 2013A bonds due May 1, 2017 to 2025 are noncallable in advance of maturity. 2013B bonds due May 1, 2014 to 2022 are noncallable in advance of maturity. 2013B bonds due May 1, 2023 to 2034 are callable on or after May 1, 2023. 2015 bonds due May 1, 2026 to 2035 are callable on or after May 1, 2025.

NOTE 12 - INTERFUND TRANSFERS:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>
	<u>Nonmajor Governmental</u>
Capital Projects Fund	\$ 79,800
Kankakee Environmental Services Utility	257,070
Nonmajor Governmental	<u>1,599,128</u>
	<u>\$1,935,998</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 12 - INTERFUND TRANSFERS (Continued):

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2017:

The Capital Projects Fund transferred \$79,800 to the Debt Service Fund to provide for bond and interest retirement.

The Kankakee Environmental Services Utility transferred \$257,070 to the Debt Service Fund to provide for bond and interest retirement.

The following Tax Increment Financing Districts transferred funds to the Debt Service Fund to provide for bond and interest retirement:

Tax Increment Financing District No. 1	\$468,750
Tax Increment Financing District No. 5	136,800
Tax Increment Financing District No. 6	330,306
Tax Increment Financing District No. 7	39,158
Tax Increment Financing District No. 8	624,114

NOTE 13 - SEGMENT INFORMATION:

Kankakee Environmental Services Utility - Accounts for the operation of the City sewer and solid waste systems. The City has issued revenue bonds to support its sewer utility activities. The fund financial statements report the Utility as a major fund. All segment report requirements are included in the fund financial statements.

NOTE 14 - FEDERAL PROGRAM AUDITS:

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME Grants, Lead-based Paint Hazard Control Program and various other public safety grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2017, significant amounts of grant expenditures have not been audited by the grantors, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 15 - COMMITMENTS:

Lease Commitments

In July 1988, the City leased the Kankakee Dam for 60 years from the Illinois Department of Conservation for the purpose of constructing, operating and maintaining the Hydroelectric Plant. The annual lease payment is based on the number of kilowatt hours of electricity produced by the Hydroelectric Plant. The annual lease payment for the year ended April 30, 2017 was \$1,893.

Kankakee Environmental Services Utility entered into a lease agreement with Space Center Chicago, Inc. on October 5, 2001 to lease 34,922 square feet of office and warehouse space. The lease was scheduled to commence on December 15, 2001, and continue for a period of 240 months. The actual commencement date was April 2002. Rent consists of a base amount plus additional rent composed of operating expenses, amortization of tenant improvements and Common Area Maintenance charges. Rent expense for the year ended April 30, 2017 was \$107,062.

Kankakee Environmental Services Utility entered into a lease agreement with the Village of Manteno on February 20, 2006, to provide the means and use of the City's ability to transport and treat wastewater generated by the Village of Manteno and provide for the compensation by Manteno for the rights to utilize the collection and treatment capacity owned by Kankakee. The Village of Manteno will lease the transport and treatment capacity of 1,000,000 gallons per day, (365,000,000 gallons annually) from the City for a period of 20 years for a sum of \$150,000 per year. The annual lease payment received for the year ended April 30, 2017 was \$150,000.

Kankakee Environmental Services Utility entered into an intergovernmental agreement with the Village of Chebanse on April 5, 2004, to connect to the City's sewer system for providing sanitary sewer service for the residents of Chebanse. For the year ended April 30, 2016, the Utility received \$165,704 based upon the number of connections established for the residents of Chebanse.

Contractual Obligations

The Utility has entered into an intergovernmental agreement with KRMA in order to pay for what the Utility owed KRMA at April 30, 2014 and to prepay an additional \$100,000 of treatment charges. Beginning in August 2014, the Utility was required to pay KRMA \$15,000 per month for 36 months. During the year ended April 30, 2017, the Utility paid \$180,000 towards this obligation.

Construction Commitments

The City has several active construction projects as of April 30, 2017. These projects and the City's commitment with contractors at April 30, 2017 are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Riverfront Trail - phase 2	\$731,350	\$1,668,887
Traffic camera project	<u>43,530</u>	<u>65,000</u>
Total	<u>\$774,880</u>	<u>\$1,733,887</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 16 - INVESTMENT IN JOINT VENTURE:

Kankakee River Metropolitan Agency

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the Villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amount of user charges, approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the Agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2017, the City has recorded in the Kankakee Environmental Services Utility an investment in the joint venture of \$3,381,607 relative to its investment in KRMA and a due to joint venture in the amount of \$1,203,464. During the year ended April 30, 2017, KRMA billed the Utility \$4,996,277 for treatment charges.

Financial statements of KRMA can be obtained from the City's comptroller's office. Pertinent financial information for the joint venture as of April 30, 2017 is as follows:

Statement of net position:

Current assets	\$ 2,060,961
Restricted assets	3,129,267
Capital assets, net	<u>80,226,717</u>
Total assets	85,416,945

Deferred outflows of resources	<u>557,371</u>
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Total assets and deferred outflows of resources	<u>85,974,316</u>
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Current liabilities	5,206,440
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Long-term liabilities	<u>71,680,002</u>
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Total liabilities	<u>76,886,442</u>
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Total net position	\$ <u>9,087,874</u>
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Statement of revenues, expenses and changes in net position:

Operating revenues	\$10,195,855
Operating expenses	8,526,558
Other income (expense), net	<u>(1,438,957)</u>

Change in net position	230,340
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Ownership percentage	<u>54.42%</u>
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Utility's share of change in net position (equity interest in joint venture income)	\$ <u>125,351</u>
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CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 16 - INVESTMENT IN JOINT VENTURE (Continued):

Wi-Fi Kankakee, LLC

Effective May 15, 2006, pursuant to a joint operating agreement, the City and *Kankakee Daily Journal* (KDJ), a local newspaper company, formed a limited liability company named Wi-Fi Kankakee, LLC (Wi-Fi), with an equal ownership of 50 percent each for the City and KDJ. The purpose of Wi-Fi is to design, acquire, establish, install, operate, maintain and own a system by which authorized individual users (residents, businesses, and visitors) may obtain and use, within the boundaries of the City, wireless access to the internet. The agreement requires each item of Wi-Fi's income, gain, loss, deduction and credit be allocated equally to the City and KDJ.

As of April 30, 2017, the City has recorded in the Environmental Services Utility an investment in joint venture of \$(28,250) relative to its investment in Wi-Fi. A due from joint venture in the amount of \$35,191 is reported in the Environmental Services Utility from City paying for certain initial costs of Wi-Fi.

Audited financial statements of Wi-Fi are not available. At April 30, 2017, the City has recorded in the Environmental Services Utility an equity interest in joint venture income (loss) of Wi-Fi in the amount of \$(2,979).

NOTE 17 - RISK MANAGEMENT AND LITIGATION:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, a safety committee works at prevention activities to keep risk exposure at a minimum level through employee education and monitoring of risk control activities. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City is a defendant in various lawsuits. The City has been named in two lawsuits in regards to its sales tax incentive agreements. See Note 18 for additional details about the agreements. The City has also been named in a lawsuit in regards to a contract for services dispute. Although the outcome of these lawsuits is presently not determinable, in the opinion of the City's Attorney and management, the resolution of these matters will not materially affect the financial condition of the City or any of the individual funds. Therefore, the General Fund contains no provision for estimated claims.

NOTE 18 - SALES TAX INCENTIVES:

The City has entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs are based on the retail firm's willingness to site a purchasing and/or a sales approval office within the boundaries of the City. These agreements provide for rebating a portion of the sales taxes generated on the transactions conducted within the City by the partnering firm. During the fiscal year ended April 30, 2017, \$92,714 in sales taxes were rebated under these agreements. At April 30, 2017, the City owed \$7,275,146 in sales tax incentives to various firms which are reflected in accounts payable in the General Fund.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 19 - DEFICIT FUND BALANCE:

At April 30, 2017, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

Tax Increment Financing District No. 5 Fund	\$179,476
Tax Increment Financing District No. 6 Fund	452,225
General Obligation Bonds, Series 2008	69,984
General Obligation Bonds, Series 2008	92,066
General Obligation Bonds, Series 2009	222,225
General Obligation Bonds, Series 2013	97,306
General Obligation Bonds, Series 2014	15,598
Community Development Agency	19,677

NOTE 20 - RESTATEMENT OF FUND EQUITY/NET POSITION:

The City of Kankakee has restated its various fund equity/net position as of May 1, 2016, to correct the misallocation of net pension liability and deferred outflows/inflows of resources related to pension, occurred upon initial implementation of GASB 68 in prior year and to remove costs of certain construction projects discontinued in prior years.

Fund Financial Statements

	Kankakee Environmental Services <u>Utility</u>
Fund balance/Net position, May 1, 2016, as previously reported	\$ <u>17,802,674</u>
Restated for:	
Net pension liability	(1,883,345)
Deferred outflows of resources related to pension	894,130
Deferred inflows of resources related to pension	(192,181)
Decrease in construction in progress	(191,472)
Prior period adjustment	(1,372,868)
Fund balance, May 1, 2016, restated	\$ <u>16,429,806</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

NOTE 20 - RESTATEMENT OF FUND EQUITY/NET POSITION (Continued):

Government-Wide Financial Statements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Net position, May 1, 2016 as previously stated	\$(53,651,179)	\$19,375,709	\$5,193,244
Restated for:			
Net pension liability	2,232,741	(1,883,345)	(349,396)
Deferred outflows of resources related to pensions	(1,060,007)	894,130	165,877
Deferred inflows of resources related to pension	227,833	(192,181)	(35,652)
Decrease in construction in progress	<u> </u>	(191,472)	<u> </u>
Prior period adjustment	<u>1,400,567</u>	(1,372,868)	(219,171)
Net position, May 1, 2016, restated	\$(52,250,612)	\$18,002,841	\$4,974,073

Component Unit – Kankakee Public Library Fund

Net position, May 1, 2016 as previously stated	\$ 685,758
Restated for:	
Net pension liability	(349,396)
Deferred outflows of resources related to pension	165,877
Deferred inflows of resources related to pension	(35,652)
Prior period adjustment	(219,171)
Net position, May 1, 2016, restated	\$ 466,587

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REQUIRED SUPPLEMENTRY INFORMATION

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the year ended April 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 11,467,611	\$ 11,467,611	\$ 10,880,035	\$ (587,576)
Licenses, permits and fees	3,102,000	3,102,000	3,424,178	322,178
Charges for services	95,500	95,500	413,866	318,366
Fines and penalties	414,000	414,000	408,483	(5,517)
Intergovernmental	8,099,274	8,099,274	8,735,265	635,991
Interest			51,797	51,797
Miscellaneous	270,000	270,000	541,614	271,614
Total revenues	<u>23,448,385</u>	<u>23,448,385</u>	<u>24,455,238</u>	<u>1,006,853</u>
Expenditures:				
Current:				
General government	5,255,186	5,255,186	5,402,638	147,452
Public safety	17,623,811	17,623,811	18,033,327	409,516
Community development	227,100	227,100	264,582	37,482
Economic development	340,000	340,000	92,714	(247,286)
Debt service:				
Principal retirement	10,000	10,000	10,000	-0-
Total expenditures	<u>23,456,097</u>	<u>23,456,097</u>	<u>23,803,261</u>	<u>347,164</u>
Excess of revenues over expenditures	(7,712)	(7,712)	651,977	659,689
Other financing sources (uses):				
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 42,288</u>	<u>\$ 42,288</u>	651,977	<u>\$ 609,689</u>
Fund balance, May 1, 2016			<u>3,868,779</u>	
Fund balance, April 30, 2017			<u>\$ 4,520,756</u>	

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
April 30, 2017

NOTE 1 - BUDGETARY ACCOUNTING:

The City adopts annual budgets for the General Fund, Band Fund, Illinois Municipal Retirement Fund, Special Service Area No. 2, Special Service Area No. 3 and Special Service Area No. 5. For Community Development Agency, Motor Fuel Tax, and Tax Increment Financing District Funds, legally authorized non-appropriated budgets are utilized to control expenditures on a project (or designated purpose) basis and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for capital projects funds and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Budgets for enterprise funds serve as a spending guide for the City and do not constitute legally binding limitations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the City Council's budget committee submits to the City Council a proposed operating budget for the fiscal year which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures at the department level for the General Fund and at the fund level for the special revenue funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Revenues are budgeted by source. Although legal restrictions on expenditures are established at the department level for the General Fund and at the fund level for special revenue funds, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets such as personal services, materials and supplies, capital outlay, contractual and debt service. Expenditures are budgeted by fund and department and classified by function, activity and/or program. Management may transfer budgeted amounts between line items within a department in the General Fund and within a fund in the special revenue funds without the approval of the City Council.
5. All budgets are adopted on a modified accrual basis. Unencumbered and unexpended appropriations lapse at fiscal year end.

NOTE 2 – EXPENDITURES AND APPROPRIATIONS:

Excess of expenditures over appropriations in individual funds for the year ended April 30, 2017 were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$23,803,261	\$23,456,097	\$347,164
Band Fund	16,160	16,000	160

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2017

Actuarial Valuation Date April 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry-Age Normal (b)	Funded Ratio (a/b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Active Members' Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2017	\$ -0-	\$ 4,993,545	0.00%	\$ 4,993,545	\$ 14,546,161	34.33%
2016	-0-	4,484,377	0.00%	4,484,377	14,462,987	31.01%
2015	-0-	4,484,377	0.00%	4,484,377	14,308,160	31.34%
2014	-0-	4,352,020	0.00%	4,352,020	14,839,261	29.33%
2013	-0-	4,352,020	0.00%	4,352,020	14,730,118	29.55%
2012	-0-	5,835,321	0.00%	5,835,321	14,194,202	41.11%
2011	-0-	5,835,321	0.00%	5,835,321	14,375,604	40.59%
2010	-0-	3,220,549	0.00%	3,220,549	14,145,833	22.77%
2009	-0-	3,220,549	0.00%	3,220,549	12,852,862	25.06%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2017

Fiscal Year Ended April 30,	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 751,956	\$ 744,362
Contributions in Relation to the Actuarially Determined Contribution	<u>729,567</u>	<u>744,362</u>
Contribution Deficiency	<u>\$ 22,389</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 5,893,072	\$ 5,870,367
Contributions as a Percentage of Covered-Employee Payroll	12.38%	12.68%

Since the City implemented GASB Statement No. 68 in 2016, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2017

Fiscal Year Ended April 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,405,298	\$ 2,773,787	\$ 2,374,597
Contributions in Relation to the Actuarially Determined Contribution	<u>2,405,298</u>	<u>2,773,787</u>	<u>2,374,597</u>
Contribution Deficiency	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Contributions as a Percentage of Covered-Employee Payroll	48.72%	55.65%	47.55%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
April 30, 2017

Fiscal Year Ended April 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,477,099	\$ 2,693,519	\$ 2,506,562
Contributions in Relation to the Actuarially Determined Contribution	<u>2,477,099</u>	<u>2,693,519</u>	<u>2,506,562</u>
Contribution Deficiency	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Contributions as a Percentage of Covered-Employee Payroll	66.67%	74.66%	69.26%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2017

<u>Year Ended April 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
2017	\$ 366,364	\$ 178,510	48.72%
2016	340,698	175,729	51.58%
2015	327,594	130,293	39.77%
2014	303,612	95,141	31.34%
2013	363,074	145,422	40.05%
2012	363,074	145,422	40.05%
2011	202,103	112,792	55.81%
2010	202,103	112,792	55.81%
2009	204,545	112,792	55.14%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2017

Calendar Year Ended December 31,	2016	2015
Total Pension Liability		
Service cost	\$ 629,778	\$ 653,578
Interest	3,066,036	2,991,986
Differences between expected and actual experience of the total pension liability	(216,014)	(706,106)
Changes of assumptions	(97,231)	47,628
Benefit payments, including refunds of employee contributions	<u>(2,023,160)</u>	<u>(1,840,460)</u>
Net change in total pension liability	1,359,409	1,146,626
Total pension liability - beginning	<u>41,686,474</u>	<u>40,539,848</u>
Total pension liability - ending	<u>43,045,883</u>	<u>41,686,474</u>
Plan Fiduciary Net Position		
Employer contributions	729,567	744,362
Employee contributions	267,181	264,166
Net investment income	2,494,935	186,420
Benefit payments, including refunds of employee contributions	(2,023,160)	(1,840,460)
Other (net transfer)	<u>(27,659)</u>	<u>(338,701)</u>
Net change in plan fiduciary net position	1,440,864	(984,213)
Plan fiduciary net position - beginning	<u>36,715,793</u>	<u>37,700,006</u>
Plan fiduciary net position - ending	<u>38,156,657</u>	<u>36,715,793</u>
Employer's net pension liability	<u>\$ (4,889,226)</u>	<u>\$ (4,970,681)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.64%	88.08%
Covered-employee payroll	\$ 5,893,072	\$ 5,870,367
Employer's net pension liability as a percentage of covered-employee payroll	82.97%	84.67%

Since the City implemented GASB Statement No. 68 in 2016, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2017

Fiscal Year Ended April 30,	2017	2016	2015
Total Pension Liability			
Service cost	\$ 1,285,713	\$ 1,248,064	\$ 1,224,284
Interest	4,772,986	4,279,987	3,894,319
Differences between expected and actual experience of the total pension liability	(1,187,865)	(778,728)	(967,116)
Changes of assumptions	(2,197,967)	4,956,063	3,901,100
Benefit payments, including refunds of employee contributions	<u>(2,753,892)</u>	<u>(2,571,169)</u>	<u>(2,514,927)</u>
Net change in total pension liability	(81,025)	7,134,217	5,537,660
Total pension liability - beginning	<u>69,562,466</u>	<u>62,428,249</u>	<u>56,890,589</u>
Total pension liability - ending	<u>69,481,441</u>	<u>69,562,466</u>	<u>62,428,249</u>
Plan Fiduciary Net Position			
Employer contributions	2,405,298	2,773,787	2,374,596
Employee contributions	515,222	525,627	510,380
Net investment income	1,523,591	(316,496)	1,084,640
Benefit payments, including refunds of employee contributions	(2,753,892)	(2,571,169)	(2,514,927)
Administrative expense	<u>(35,499)</u>	<u>(37,626)</u>	<u>(35,584)</u>
Net change in plan fiduciary net position	1,654,720	374,123	1,419,105
Plan fiduciary net position - beginning	<u>19,016,182</u>	<u>18,642,059</u>	<u>17,222,954</u>
Plan fiduciary net position - ending	<u>20,670,902</u>	<u>19,016,182</u>	<u>18,642,059</u>
Employer's net pension liability	<u><u>\$(48,810,539)</u></u>	<u><u>\$(50,546,284)</u></u>	<u><u>\$(43,786,190)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	29.75%	27.34%	29.86%
Covered-employee payroll	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Employer's net pension liability as a percentage of covered-employee payroll	988.57%	1014.01%	876.81%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
April 30, 2017

Fiscal Year Ended April 30,	2017	2016	2015
Total Pension Liability			
Service cost	\$ 1,045,241	\$ 1,013,349	\$ 1,100,080
Interest	4,100,479	3,669,410	3,362,539
Differences between expected and actual experience of the total pension liability	(1,708,118)	(418,230)	322,128
Changes of assumptions	(2,041,275)	4,907,632	2,509,056
Benefit payments, including refunds of employee contributions	<u>(3,052,887)</u>	<u>(2,975,162)</u>	<u>(2,844,710)</u>
Net change in total pension liability	(1,656,560)	6,196,999	4,449,093
Total pension liability - beginning	<u>60,104,722</u>	<u>53,907,723</u>	<u>49,458,630</u>
Total pension liability - ending	<u>58,448,162</u>	<u>60,104,722</u>	<u>53,907,723</u>
Plan Fiduciary Net Position			
Employer contributions	2,477,099	2,693,519	2,506,562
Employee contributions	353,974	350,502	354,696
Net investment income	751,720	(227,950)	461,407
Benefit payments, including refunds of employee contributions	(3,052,887)	(2,975,162)	(2,844,710)
Administrative expense	<u>(39,424)</u>	<u>(58,967)</u>	<u>(92,081)</u>
Net change in plan fiduciary net position	490,482	(218,058)	385,874
Plan fiduciary net position - beginning	<u>9,948,378</u>	<u>10,166,436</u>	<u>9,780,562</u>
Plan fiduciary net position - ending	<u>10,438,860</u>	<u>9,948,378</u>	<u>10,166,436</u>
Employer's net pension liability	<u><u>\$(48,009,302)</u></u>	<u><u>\$(50,156,344)</u></u>	<u><u>\$(43,741,287)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	17.86%	16.55%	18.86%
Covered-employee payroll	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Employer's net pension liability as a percentage of covered-employee payroll	1292.10%	1390.20%	1208.71%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
April 30, 2017

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	8.20%
2016	(1.65%)
2015	6.28%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
April 30, 2017

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	8.35%
2016	(2.04%)
2015	4.74%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS
April 30, 2017

NOTE 1 - ILLINOIS MUNICIPAL RETIREMENT FUND:

A. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
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Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS
April 30, 2017

NOTE 1 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued):

the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes

There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation*

B. Development of Market Value of Assets

Market Value of Assets as of December 31, 2016:

1. Employee Contribution Reserve (MDF Assets from IMRF)	\$ 7,275,888
2. Employer Contribution Reserve (EAF assets from IMRF)	9,433,532
3. Annuitant Reserve	21,368,894
4. Miscellaneous Adjustment*	<u>78,343</u>
5. Net Market Value	<u>\$38,156,657</u>

** Includes an adjustment factor of .0002057409 on Items 1 through 4 to ensure that Market Value of Assets for all employers balances to the total Market Value of IMRF. Miscellaneous adjustments are due to various items such as suspended annuity reserve, disability benefit reserve, death benefit reserve, supplemental benefit reserve, employers with no assets, etc.*

C. Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS
April 30, 2017

NOTE 1 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued):

Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
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Other Information:

Notes	There were no benefit changes during the year.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2016 Illinois Municipal Retirement Fund annual actuarial valuation report.

NOTE 2 – POLICE PENSION FUND:

Valuation date	April 30, 2017
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Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	25 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP-2014 projected to 2017
Other	

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS
April 30, 2017

NOTE 3 – FIREFIGHTERS' PENSION FUND:

Valuation date April 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	24 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Retirement Age	50-70
Mortality	RP-2014 projected to 2017
Other	

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

**CITY OF KANKAKEE, ILLINOIS
MAJOR FUNDS**

General Fund

Accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

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CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2017
(With comparative totals for 2016)

	Budgeted Amounts		2017	2016
	Original	Final	Actual	Actual
Taxes:				
Property taxes	\$ 7,642,611	\$ 7,642,611	\$ 7,356,765	\$ 7,207,662
Utility taxes	3,825,000	3,825,000	3,523,270	3,653,811
Total taxes	11,467,611	11,467,611	10,880,035	10,861,473
Licenses, permits and fees:				
Business licenses	30,000	30,000	23,555	39,961
Liquor licenses	120,000	120,000	124,230	128,050
Rental licenses	85,000	85,000	73,431	91,494
Other licenses	25,000	25,000	37,767	23,581
Franchise fees	300,000	300,000	362,170	387,015
Ambulance fees	650,000	650,000	799,386	909,821
Vehicle sticker fees	475,000	475,000	475,781	507,517
Public safety fees	975,000	975,000	1,031,889	1,003,889
Building permits and fees	425,000	425,000	408,689	316,109
Other permits and fees	17,000	17,000	87,280	114,586
Total licenses, permits and fees	3,102,000	3,102,000	3,424,178	3,522,023
Charges for services:				
Environmental Services Utility	50,000	50,000	250	250
Community Development Agency	35,000	35,000	35,000	35,000
Fire Department	48,500	48,500	62,954	62,416
Police Department	12,000	12,000	7,551	10,880
Motor Fuel Tax Reimbursement			308,111	
Total charges for services	145,500	145,500	413,866	108,546
Fines and penalties	414,000	414,000	408,483	402,202
Intergovernmental:				
State replacement income tax	624,395	624,395	764,748	688,446
State income tax	2,625,000	2,625,000	2,602,929	2,934,685
State sales tax	3,720,000	3,720,000	3,948,742	4,741,719
State gaming tax	225,000	225,000	353,957	292,020
Local use tax	550,000	550,000	677,762	638,954
Grants from various governmental agencies	304,879	304,879	337,127	581,538
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,000
Total intergovernmental	8,099,274	8,099,274	8,735,265	9,927,362
Interest			51,797	9,959
Miscellaneous revenues	270,000	270,000	541,614	260,243
Total revenues	<u>\$ 23,498,385</u>	<u>\$ 23,498,385</u>	<u>\$ 24,455,238</u>	<u>\$ 25,091,808</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2017
(With comparative totals for 2016)

	<u>Budgeted Amounts</u>		<u>2017</u>	<u>2016</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
General city government:				
Council	\$ 159,500	\$ 159,500	\$ 161,032	\$ 152,986
Mayor	107,900	107,900	106,412	122,461
Commissions and boards	25,200	25,200	34,654	29,723
City clerk	132,965	132,965	135,991	137,296
Central services	450,021	450,021	398,003	236,753
Computer operations	49,000	49,000	22,641	14,242
Corporate counsel	194,500	194,500	229,340	176,732
Adjudication	97,000	97,000	86,976	68,856
City planning	40,000	40,000	133,850	77,259
Public buildings and grounds	-0-	-0-	3,689	-0-
Human relations	-0-	-0-	-0-	11,750
Group insurance	1,643,000	1,643,000	1,580,244	1,682,654
Liability and workers compensation insurance	1,425,000	1,425,000	1,242,054	1,414,881
Unemployment tax	50,000	50,000	46,294	37,313
Transportation support	76,000	76,000	74,402	75,727
Property tax rebates	175,000	175,000	319,707	164,192
Other	630,100	630,100	827,349	1,070,618
Total general city government	5,255,186	5,255,186	5,402,638	5,473,443
Public safety - police department:				
Administration and operations	6,111,115	6,111,115	6,667,370	6,549,905
Training	44,500	44,500	14,192	10,199
Records	196,000	196,000	193,923	218,782
Communications	924,525	924,525	786,784	919,876
Detention and custody	176,190	176,190	60,567	182,847
Pension contribution	2,514,031	2,514,031	2,405,298	2,773,787
Total public safety - police department	9,966,361	9,966,361	10,128,134	10,655,396
Public safety - fire department:				
Administration	710,378	710,378	1,017,206	808,792
Training	127,120	127,120	137,716	105,847
Alarm and communications system	4,000	4,000	3,723	3,378
Supplies and maintenance	29,000	29,000	35,662	30,930
Fire prevention	281,949	281,949	280,178	303,810
Fire fighting force	2,427,864	2,427,864	2,345,823	2,286,152
Emergency service	898,233	898,233	1,020,151	949,582
Pension contribution	2,588,994	2,588,994	2,477,099	2,693,520
Total public safety - fire department	7,067,538	7,067,538	7,317,558	7,182,011

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND

(Continued)

For the year ended April 30, 2017
(With comparative totals for 2016)

	Budgeted Amounts		2017 Actual	2016 Actual
	Original	Final		
Public safety - code enforcement:				
Property maintenance	\$ 410,700	\$ 410,700	\$ 416,000	\$ 455,582
Building safety	107,712	107,712	110,045	108,631
Total public safety - code enforcement	518,412	518,412	526,045	564,213
Public safety - other:				
Animal control	20,000	20,000	22,080	17,195
Crossing guards	51,500	51,500	39,510	47,241
Total public safety - other	71,500	71,500	61,590	64,436
Total public safety	17,623,811	17,623,811	18,033,327	18,466,056
Community development:				
Community promotion	227,100	227,100	264,582	202,168
Economic development:				
Sales tax incentives	340,000	340,000	92,714	887,222
Debt service:				
Principal retirement	10,000	10,000	10,000	10,000
Total expenditures	\$ 23,456,097	\$ 23,456,097	\$ 23,803,261	\$ 25,038,889

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**CITY OF KANKAKEE, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Band Fund

Accounts for the revenues and expenditures related to the City's financial support provided to the Kankakee Municipal Band.

Illinois Municipal Retirement Fund

Accounts for the expenditures related to the state-administered retirement system which is available to general service employees and which is financed through taxation and contributions from employees, and the City (employer) FICA, Medicare, and state unemployment taxes, all of which are financed through taxation.

Special Service Area No. 2

Accounts for the revenues and expenditures related to the maintenance and repairs of ornamental street lights in the Riverview Historic District.

Special Service Area No. 3

Accounts for the revenues and expenditures related to the Coachlight Square lighting improvement project which was financed through local borrowing and property taxes.

Special Service Area No. 5

Accounts for the revenues and expenditures of maintenance and repairs to the street and roadway infrastructure in the East Side Business District.

Community Development Agency

Accounts for the revenues and expenditures of the Community Development Block Grant Program and various other federal grant programs.

Tax Increment Financing Districts Nos. 1, 5, 6, 7 and 8

TIF Districts Nos. 1, 5, 6, 7 and 8 are trust funds established to finance redevelopment project costs in connection with various "blighted redevelopment project areas" throughout the City. The project areas are redeveloped through the use of incremental property tax revenues generated by related redevelopment projects.

Motor Fuel Tax Fund

Accounts for the expenditures related to state-approved projects which are financed from the local share of the state gasoline tax as collected and distributed by the State of Illinois.

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2017

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 5,966,864	\$ 1,161	\$ 5,968,025
Receivables, less allowance for uncollectible amounts:			
Property taxes	3,341,200	4,288,000	7,629,200
Due from other governmental agencies	129,026		129,026
Due from other funds	339,735	798,751	1,138,486
Due from component units	15,881		15,881
Accounts receivable	536,891		536,891
Total assets	<u>\$ 10,329,597</u>	<u>\$ 5,087,912</u>	<u>\$ 15,417,509</u>
Liabilities			
Accounts payable	\$ 79,090		\$ 79,090
Accrued wages payable	42,647		42,647
Due to other funds	1,169,861	\$ 1,071,797	2,241,658
Total liabilities	<u>1,291,598</u>	<u>1,071,797</u>	<u>2,363,395</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	3,341,200	4,288,000	7,629,200
Unavailable loan receivable	532,367		532,367
Total deferred inflows of resources	<u>3,873,567</u>	<u>4,288,000</u>	<u>8,161,567</u>
Fund Balance			
Restricted for:			
Debt service		225,294	225,294
Street maintenance programs	1,055,610		1,055,610
Economic development	3,879,062		3,879,062
Culture and recreation	19,465		19,465
Retirement obligations	861,673		861,673
Unassigned (deficit)	(651,378)	(497,179)	(1,148,557)
Total fund balance	<u>5,164,432</u>	<u>(271,885)</u>	<u>4,892,547</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 10,329,597</u>	<u>\$ 5,087,912</u>	<u>\$ 15,417,509</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2017

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 3,272,925	\$ 4,105,836	\$ 7,378,761
Special assessments		309,091	309,091
Intergovernmental	2,257,302		2,257,302
Interest income	3,761	30,005	33,766
Miscellaneous	30,202		30,202
Total revenues	<u>5,564,190</u>	<u>4,444,932</u>	<u>10,009,122</u>
Expenditures:			
Current:			
General government	792,880		792,880
Highways and streets	1,120,536		1,120,536
Community development	1,593,132		1,593,132
Culture and recreation	16,160		16,160
Economic development	256,891		256,891
Debt service:			
Principal retirement		5,599,111	5,599,111
Interest and fiscal charges	11,550	1,869,002	1,880,552
Total expenditures	<u>3,791,149</u>	<u>7,468,113</u>	<u>11,259,262</u>
Excess (deficiency) of revenues over expenditures	<u>1,773,041</u>	<u>(3,023,181)</u>	<u>(1,250,140)</u>
Other financing sources (uses):			
Transfers from other funds		1,935,998	1,935,998
Transfers to other funds	(1,599,128)		(1,599,128)
Total other financing sources (uses)	<u>(1,599,128)</u>	<u>1,935,998</u>	<u>336,870</u>
Net change in fund balances	173,913	(1,087,183)	(913,270)
Fund balance, May 1, 2016	<u>4,990,519</u>	<u>815,298</u>	<u>5,805,817</u>
Fund balance (deficit), April 30, 2017	<u>\$ 5,164,432</u>	<u>\$ (271,885)</u>	<u>\$ 4,892,547</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2017

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>
Assets			
Cash and investments	\$ 19,465	\$ 919,837	\$ 42,676
Receivables, less allowance for uncollectible amounts:			
Property taxes	16,700	858,800	2,800
Due from other governmental agencies		8,509	
Due from other funds		15,881	
Due from component units			
Accounts receivable			
	<u>\$ 36,165</u>	<u>\$ 1,803,027</u>	<u>\$ 45,476</u>
Liabilities			
Accounts payable		\$ 39,907	
Accrued wages payable		42,647	
Due to other funds			
	<u>\$ -0-</u>	<u>82,554</u>	<u>\$ -0-</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	16,700	858,800	2,800
Unavailable loan receivable			
	<u>16,700</u>	<u>858,800</u>	<u>2,800</u>
Fund Balance			
Restricted for:			
Street maintenance program			
Economic development			42,676
Culture and recreation	19,465		
Retirement obligations		861,673	
Unassigned (deficit)			
	<u>19,465</u>	<u>861,673</u>	<u>42,676</u>
Total fund balance (deficit)	<u>19,465</u>	<u>861,673</u>	<u>42,676</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 36,165</u>	<u>\$ 1,803,027</u>	<u>\$ 45,476</u>

Special Service Area No. 3	Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund
\$ 57,185	\$ 42,883	\$ 109,054	\$ 801,341	\$ 1,661,454	
3,000	20,000			1,039,000	\$ 26,000
		68,735	60,291 196,453	120,139	
		536,891			
<u>\$ 60,185</u>	<u>\$ 62,883</u>	<u>\$ 714,680</u>	<u>\$ 1,058,085</u>	<u>\$ 2,820,593</u>	<u>\$ 26,000</u>
		\$ 35,440	\$ 2,475	\$ 1,250	\$ 18
		166,550		344,100	179,458
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>201,990</u>	<u>2,475</u>	<u>345,350</u>	<u>179,476</u>
3,000	20,000			1,039,000	26,000
		532,367			
<u>3,000</u>	<u>20,000</u>	<u>532,367</u>	<u>-0-</u>	<u>1,039,000</u>	<u>26,000</u>
57,185	42,883		1,055,610	1,436,243	
		(19,677)			(179,476)
<u>57,185</u>	<u>42,883</u>	<u>(19,677)</u>	<u>1,055,610</u>	<u>1,436,243</u>	<u>(179,476)</u>
<u>\$ 60,185</u>	<u>\$ 62,883</u>	<u>\$ 714,680</u>	<u>\$ 1,058,085</u>	<u>\$ 2,820,593</u>	<u>\$ 26,000</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
April 30, 2017

	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Assets				
Cash and investments		\$ 28,516	\$ 2,284,453	\$ 5,966,864
Receivables, less allowance for uncollectible amounts:				
Property taxes	\$ 178,000	2,900	1,194,000	3,341,200
Due from other governmental agencies				129,026
Due from other funds		14,634		339,735
Due from component units				15,881
Accounts receivable				536,891
Total assets	<u>\$ 178,000</u>	<u>\$ 46,050</u>	<u>\$ 3,478,453</u>	<u>\$ 10,329,597</u>
Liabilities				
Accounts payable				\$ 79,090
Accrued wages payable				42,647
Due to other funds	\$ 452,225	\$ 27,528		1,169,861
Total liabilities	<u>452,225</u>	<u>27,528</u>	<u>\$ -0-</u>	<u>1,291,598</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	178,000	2,900	1,194,000	3,341,200
Unavailable loan receivable				532,367
Total deferred inflows of resources	<u>178,000</u>	<u>2,900</u>	<u>1,194,000</u>	<u>3,873,567</u>
Fund Balance				
Restricted for:				
Street maintenance program				1,055,610
Economic development		15,622	2,284,453	3,879,062
Culture and recreation				19,465
Retirement obligations				861,673
Unassigned (deficit)	<u>(452,225)</u>			<u>(651,378)</u>
Total fund balance (deficit)	<u>(452,225)</u>	<u>15,622</u>	<u>2,284,453</u>	<u>5,164,432</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 178,000</u>	<u>\$ 46,050</u>	<u>\$ 3,478,453</u>	<u>\$ 10,329,597</u>

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CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended April 30, 2017

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>
Revenues:			
Property taxes	\$ 16,223	\$ 821,719	\$ 2,910
Intergovernmental			
Interest income	1	26	
Miscellaneous			
	<u>16,224</u>	<u>821,745</u>	<u>2,910</u>
Total revenues			
Expenditures:			
Current:			
General government		699,461	
Highways and streets			
Community development			
Culture and recreation	16,160		
Economic development			
Debt service:			
Interest and fiscal charges			
	<u>16,160</u>	<u>699,461</u>	<u>-0-</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	64	122,284	2,910
Other financing sources (uses):			
Transfers to other funds			
	<u>64</u>	<u>122,284</u>	<u>2,910</u>
Net change in fund balances			
Fund balance (deficit), May 1, 2016	<u>19,401</u>	<u>739,389</u>	<u>39,766</u>
Fund balance (deficit), April 30, 2017	<u>\$ 19,465</u>	<u>\$ 861,673</u>	<u>\$ 42,676</u>

Special Service Area No. 3	Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund
\$ 2,307	\$ 18,636			\$ 1,015,598	
	1	\$ 1,558,342	\$ 698,960	31	\$ 28
		7,702	2,733		
2,307	18,637	1,566,044	701,693	1,015,629	28
		93,419			
		1,593,132	1,120,536		
	1,970			247,219	1,910
		11,550			
-0-	1,970	1,698,101	1,120,536	247,219	1,910
2,307	16,667	(132,057)	(418,843)	768,410	(1,882)
				(468,750)	(136,800)
2,307	16,667	(132,057)	(418,843)	299,660	(138,682)
54,878	26,216	112,380	1,474,453	1,136,583	(40,794)
\$ 57,185	\$ 42,883	\$ (19,677)	\$ 1,055,610	\$ 1,436,243	\$ (179,476)

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
For the year ended April 30, 2017

	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Revenues:				
Property taxes	\$ 260,484		\$ 1,135,048	\$ 3,272,925
Intergovernmental				2,257,302
Interest income	8	\$ 35	898	3,761
Miscellaneous		22,500		30,202
Total revenues	260,492	22,535	1,135,946	5,564,190
Expenditures:				
Current:				
General government				792,880
Highways and streets				1,120,536
Community development				1,593,132
Culture and recreation				16,160
Economic development	950	950	3,892	256,891
Debt service:				
Interest and fiscal charges				11,550
Total expenditures	950	950	3,892	3,791,149
Excess (deficiency) of revenues over expenditures	259,542	21,585	1,132,054	1,773,041
Other financing sources (uses):				
Transfers to other funds	(330,306)	(39,158)	(624,114)	(1,599,128)
Net change in fund balances	(70,764)	(17,573)	507,940	173,913
Fund balance (deficit), May 1, 2016	(381,461)	33,195	1,776,513	4,990,519
Fund balance (deficit), April 30, 2017	\$ (452,225)	\$ 15,622	\$ 2,284,453	\$ 5,164,432

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BAND FUND
For the year ended April 30, 2017

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Over (Under)</u>
Revenues:				
Property taxes	\$ 16,955	\$ 16,955	\$ 16,223	\$ (732)
Interest income			1	1
Total revenues	16,955	16,955	16,224	(731)
Expenditures:				
Current:				
Culture and recreation	16,000	16,000	16,160	160
Net change in fund balance	<u>\$ 955</u>	<u>\$ 955</u>	64	<u>\$ (891)</u>
Fund balance, May 1, 2016			19,401	
Fund balance, April 30, 2017			<u>\$ 19,465</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND
For the year ended April 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 858,903	\$ 858,903	\$ 821,719	\$ (37,184)
Interest income			26	26
Total revenues	858,903	858,903	821,745	(37,158)
Expenditures:				
Current:				
General government	850,000	850,000	699,461	(150,539)
Net change in fund balance	<u>\$ 8,903</u>	<u>\$ 8,903</u>	122,284	<u>\$ 113,381</u>
Fund balance, May 1, 2016			<u>739,389</u>	
Fund balance, April 30, 2017			<u>\$ 861,673</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 2
For the year ended April 30, 2017

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Over (Under)</u>
Revenues:				
Property taxes	\$ 2,913	\$ 2,913	\$ 2,910	\$ (3)
Expenditures:				
Current:				
Economic development	<u>2,900</u>	<u>2,900</u>	<u>-0-</u>	<u>(2,900)</u>
Net change in fund balance	<u>\$ 13</u>	<u>\$ 13</u>	2,910	<u>\$ 2,897</u>
Fund balance, May 1, 2016			<u>39,766</u>	
Fund balance, April 30, 2017			<u>\$ 42,676</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 3
For the year ended April 30, 2017

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Over (Under)</u>
Revenues:				
Property taxes	\$ 3,092	\$ 3,092	\$ 2,307	\$ (785)
Expenditures:				
Current:				
Economic development	<u>3,000</u>	<u>3,000</u>	<u>-0-</u>	<u>(3,000)</u>
Net change in fund balance	<u>\$ 92</u>	<u>\$ 92</u>	2,307	<u>\$ 2,215</u>
Fund balance, May 1, 2016			<u>54,878</u>	
Fund balance, April 30, 2017			<u>\$ 57,185</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL SERVICE AREA NO. 5
For the year ended April 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 19,417	\$ 19,417	\$ 18,636	\$ (781)
Interest income			1	1
Total revenues	19,417	19,417	18,637	(780)
Expenditures:				
Current:				
Economic development	18,000	18,000	1,970	(16,030)
Net change in fund balance	<u>\$ 1,417</u>	<u>\$ 1,417</u>	16,667	<u>\$ 15,250</u>
Fund balance, May 1, 2016			26,216	
Fund balance, April 30, 2017			<u>\$ 42,883</u>	

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**CITY OF KANKAKEE, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

General Obligation Bonds

Each series of general obligation bonds issued is set apart as an individual fund that is used to account for the accumulation of resources for the payment of debt principal, interest and related costs of each respective issue.

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
April 30, 2017

	General Obligation Bonds, Series 2007	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009
Assets				
Cash and investments			\$ 1,161	
Receivables, less allowance for uncollectible amounts:				
Property taxes	\$ 630,000		844,000	\$ 1,422,000
Due from other funds	50,545	\$ 116,629	208,397	99,598
Total assets	<u>\$ 680,545</u>	<u>\$ 116,629</u>	<u>\$ 1,053,558</u>	<u>\$ 1,521,598</u>
Liabilities				
Due to other funds	<u>\$ 142,611</u>	<u>\$ 28,222</u>	<u>\$ 279,542</u>	<u>\$ 321,823</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	<u>630,000</u>	<u>-0-</u>	<u>844,000</u>	<u>1,422,000</u>
Fund Balance				
Restricted for debt service		88,407		
Unassigned (deficit)	<u>(92,066)</u>	<u></u>	<u>(69,984)</u>	<u>(222,225)</u>
Total fund balance (deficit)	<u>(92,066)</u>	<u>88,407</u>	<u>(69,984)</u>	<u>(222,225)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 680,545</u>	<u>\$ 116,629</u>	<u>\$ 1,053,558</u>	<u>\$ 1,521,598</u>

General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012	General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
					\$ 1,161
\$ 224,000 123,693	\$ 454,000 188,368	\$ 185,000 11,521	\$ 415,000	\$ 114,000	4,288,000 798,751
<u>\$ 347,693</u>	<u>\$ 642,368</u>	<u>\$ 196,521</u>	<u>\$ 415,000</u>	<u>\$ 114,000</u>	<u>\$ 5,087,912</u>
<u>\$ -0-</u>	<u>\$ 175,174</u>	<u>\$ 108,827</u>	<u>\$ 15,598</u>	<u>\$ -0-</u>	<u>\$ 1,071,797</u>
<u>224,000</u>	<u>454,000</u>	<u>185,000</u>	<u>415,000</u>	<u>114,000</u>	<u>4,288,000</u>
<u>123,693</u>	<u>13,194</u>	<u>(97,306)</u>	<u>(15,598)</u>		<u>225,294</u> <u>(497,179)</u>
<u>123,693</u>	<u>13,194</u>	<u>(97,306)</u>	<u>(15,598)</u>	<u>-0-</u>	<u>(271,885)</u>
<u>\$ 347,693</u>	<u>\$ 642,368</u>	<u>\$ 196,521</u>	<u>\$ 415,000</u>	<u>\$ 114,000</u>	<u>\$ 5,087,912</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the year ended April 30, 2017

	General Obligation Bonds, Series 2007	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009
Revenues:				
Property taxes			\$ 668,851	\$ 983,330
Special assessments		\$ 309,091		
Interest income		29,874	22	31
Total revenues	\$ -0-	338,965	668,873	983,361
Expenditures:				
Debt service:				
Principal retirement	267,496	346,615	425,000	775,000
Interest and fiscal charges	132,504	29,405	274,108	585,615
Total expenditures	400,000	376,020	699,108	1,360,615
Excess (deficiency) of revenues over expenditures	(400,000)	(37,055)	(30,235)	(377,254)
Other financing sources (uses):				
Transfers from other funds	-0-	-0-	-0-	296,228
Net change in fund balance	(400,000)	(37,055)	(30,235)	(81,026)
Fund balance (deficit), May 1, 2016	307,934	125,462	(39,749)	(141,199)
Fund balance (deficit), April 30, 2017	\$ (92,066)	\$ 88,407	\$ (69,984)	\$ (222,225)

General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012	General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
\$ 437,365	\$ 1,754,400		\$ 261,890		\$ 4,105,836
14	55		9		309,091
437,379	1,754,455	\$ -0-	261,899	\$ -0-	30,005
225,000	2,730,000	245,000	415,000	170,000	5,599,111
232,150	165,285	57,260	229,750	162,925	1,869,002
457,150	2,895,285	302,260	644,750	332,925	7,468,113
(19,771)	(1,140,830)	(302,260)	(382,851)	(332,925)	(3,023,181)
-0-	820,182	115,674	370,989	332,925	1,935,998
(19,771)	(320,648)	(186,586)	(11,862)	-0-	(1,087,183)
143,464	333,842	89,280	(3,736)	-0-	815,298
\$ 123,693	\$ 13,194	\$ (97,306)	\$ (15,598)	\$ -0-	\$ (271,885)

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CITY OF KANKAKEE, ILLINOIS
FIDUCIARY FUNDS

Police Pension Fund

A pension trust which accounts for the police officers' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

Firefighters' Pension Fund

A pension trust which accounts for the firefighters' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

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CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2017

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets			
Cash and short-term investments	\$ 746,065	\$ 914,983	\$ 1,661,048
Receivables, less allowance for uncollectible amounts:			
Employee contributions	21,248	14,402	35,650
Employer contributions	592,326	353,721	946,047
Interest	54,860	30,564	85,424
Investments, at fair value:			
Open-end mutual funds	6,785,067	3,661,037	10,446,104
Corporate securities	6,117,814	2,369,824	8,487,638
U. S. Treasury and agency securities	2,885,235	1,487,665	4,372,900
Corporate bonds	3,367,304	1,684,506	5,051,810
State and local obligations	333,719	172,685	506,404
Prepaid items		9,792	9,792
Total assets	20,903,638	10,699,179	31,602,817
Liabilities			
Benefits and other payables	232,735	262,369	495,104
Net Position			
Net position restricted for pensions	<u>\$ 20,670,903</u>	<u>\$ 10,436,810</u>	<u>\$ 31,107,713</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2017

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 2,405,298	\$ 2,477,099	\$ 4,882,397
Employee	515,222	353,974	869,196
Total contributions	2,920,520	2,831,073	5,751,593
Investment income:			
Net change in fair value of investments	1,255,817	(573,239)	682,578
Interest and dividends	399,736	1,397,247	1,796,983
	1,655,553	824,008	2,479,561
Less: investment expense	(131,931)	(70,790)	(202,721)
Net investment income	1,523,622	753,218	2,276,840
Total additions	4,444,142	3,584,291	8,028,433
Deductions:			
Benefits	2,751,958	3,001,634	5,753,592
Refunds of contributions	1,933	51,253	53,186
Administrative expenses	35,530	42,972	78,502
Total deductions	2,789,421	3,095,859	5,885,280
Change in net position restricted for pensions	1,654,721	488,432	2,143,153
Net position restricted for pensions			
May 1, 2016	19,016,182	9,948,378	28,964,560
April 30, 2017	\$ 20,670,903	\$ 10,436,810	\$ 31,107,713

**CITY OF KANKAKEE, ILLINOIS
COMPONENT UNITS**

Kankakee Public Library

Accounts for the revenues and expenses of the local public library. A majority of the revenues are from a property tax levy approved by the City Council.

Special Service Area #1

Accounts for activities to promote and develop downtown Kankakee. The major source of revenues is from a property tax levy approved by the City Council.

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CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
April 30, 2017

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 790,422		\$ 790,422
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000		1,773,000
Accounts receivable	9,108		9,108
Prepaid expenses	17,452		17,452
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 6,055,985	6,055,985
Total assets	2,589,982	6,055,985	8,645,967
Deferred Outflows of Resources			
Deferred items related to Illinois Municipal Retirement Fund	-0-	208,606	208,606
Total assets and deferred outflows of resources	\$ 2,589,982	\$ 6,264,591	\$ 8,854,573
Liabilities			
Accounts payable	\$ 16,979		\$ 16,979
Due to primary government	118,183		118,183
Long-term liabilities:			
Due within one year		\$ 147,158	147,158
Due within more than one year		2,574,166	2,574,166
Total liabilities	135,162	2,721,324	2,856,486
Deferred Inflows of Resources			
Deferred property tax revenue	1,773,000		1,773,000
Deferred items related to Illinois Municipal Retirement Fund		55,599	55,599
Total deferred inflows of resources	1,773,000	55,599	1,828,599
Fund Balance / Net Position			
Net investment in capital assets		3,847,998	3,847,998
Unassigned / Unrestricted	681,820	(360,330)	321,490
Total fund balance / net position	681,820	3,487,668	4,169,488
Total liabilities, deferred inflows of resources and fund balance / net position	\$ 2,589,982	\$ 6,264,591	\$ 8,854,573

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended April 30, 2017

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 1,697,245		\$ 1,697,245
Charges for services	275,173		275,173
Intergovernmental	14,150		14,150
Interest	1,996		1,996
Other	11,097		11,097
	<u>1,999,661</u>		<u>1,999,661</u>
Total revenues	1,999,661	\$ -0-	1,999,661
Expenditures/expenses:			
Current:			
Culture and recreation	1,749,385	118,672	1,868,057
Debt service:			
Principal retirement	139,995	(139,995)	-0-
Interest and fiscal charges	114,219		114,219
	<u>2,003,599</u>	<u>(21,323)</u>	<u>1,982,276</u>
Total expenditures/expenses	2,003,599	(21,323)	1,982,276
Net change in fund balance / net position	<u>(3,938)</u>	<u>21,323</u>	<u>17,385</u>
Fund balance / net position, May 1, 2016	685,758	3,685,516	4,371,274
Prior period adjustment	<u>-0-</u>	<u>(219,171)</u>	<u>(219,171)</u>
Fund balance / net position, May 1, 2016, restated	<u>685,758</u>	<u>3,466,345</u>	<u>4,152,103</u>
Fund balance / net position, April 30, 2017	<u>\$ 681,820</u>	<u>\$ 3,487,668</u>	<u>\$ 4,169,488</u>

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1
STATEMENT OF NET POSITION AND GOVERNMENT FUND BALANCE SHEET
April 30, 2017

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 178,708		\$ 178,708
Receivables, less allowance for uncollectible amounts:			
Property taxes	112,000		112,000
Capital assets:			
Depreciable (net of accumulated depreciation)	<u> </u>	\$ 600,482	<u>600,482</u>
Total assets	<u>\$ 290,708</u>	<u>\$ 600,482</u>	<u>\$ 891,190</u>
Liabilities			
Accounts payable	\$ 4,090		\$ 4,090
Interest payable			
Due to primary government	<u>40,000</u>		<u>40,000</u>
Total liabilities	<u>44,090</u>	\$ -0-	<u>44,090</u>
Deferred Inflows of Resources			
Deferred property tax revenue	<u>112,000</u>	<u>-0-</u>	<u>112,000</u>
Fund Balance / Net Position			
Net investment in capital assets		600,482	600,482
Unassigned / Unrestricted	<u>134,618</u>		<u>134,618</u>
Total fund balance / net position	<u>134,618</u>	<u>600,482</u>	<u>735,100</u>
Total liabilities, deferred inflows of resources and fund balance / net position	<u>\$ 290,708</u>	<u>\$ 600,482</u>	<u>\$ 891,190</u>

CITY OF KANKAKEE, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended April 30, 2017

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 112,235		\$ 112,235
Interest	4		4
Other	<u>22,885</u>		<u>22,885</u>
Total revenues	135,124	\$ -0-	135,124
Expenditures/expenses:			
Current:			
General government	<u>167,076</u>	<u>54,918</u>	<u>221,994</u>
Net change in fund balance/net position	(31,952)	(54,918)	(86,870)
Fund balance/net position, May 1, 2016	<u>166,570</u>	<u>655,400</u>	<u>821,970</u>
Fund balance/net position, April 30, 2017	<u><u>\$ 134,618</u></u>	<u><u>\$ 600,482</u></u>	<u><u>\$ 735,100</u></u>

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAXES RECEIVABLE
2016 LEVY TO BE COLLECTED IN 2017
April 30, 2017

	<u>Taxes extended</u>	<u>Estimated losses</u>	<u>Estimated net taxes receivable</u>
Primary Government:			
General Fund	<u>\$ 8,223,088</u>	<u>\$ 1,088</u>	<u>\$ 8,222,000</u>
Special Revenue Funds:			
Band Fund	16,831	131	16,700
Illinois Municipal Retirement Fund	858,961	161	858,800
Special Service Area No. 2	2,822	22	2,800
Special Service Area No. 3	3,004	4	3,000
Special Service Area No. 5	20,380	380	20,000
Tax Increment Financing District #1	1,039,725	725	1,039,000
Tax Increment Financing District #5	26,958	958	26,000
Tax Increment Financing District #6	178,334	334	178,000
Tax Increment Financing District #7	2,910	10	2,900
Tax Increment Financing District #8	<u>1,194,167</u>	<u>167</u>	<u>1,194,000</u>
Total Special Revenue Funds	<u>3,344,092</u>	<u>2,892</u>	<u>3,341,200</u>
Debt Service Funds	<u>4,291,638</u>	<u>3,638</u>	<u>4,288,000</u>
Total Primary Government	<u><u>\$ 15,858,818</u></u>	<u><u>\$ 7,618</u></u>	<u><u>\$ 15,851,200</u></u>
Component Units:			
Library	<u>\$ 1,773,959</u>	<u>\$ 959</u>	<u>\$ 1,773,000</u>
Special Service Area No. 1	<u>112,942</u>	<u>942</u>	<u>112,000</u>
Total Component Units	<u><u>\$ 1,886,901</u></u>	<u><u>\$ 1,901</u></u>	<u><u>\$ 1,885,000</u></u>

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF BOND RATE COVENANT CALCULATION
April 30, 2017

Debt service requirements	\$ 1,620,792	
120% covenant	x <u>120%</u>	
Total required revenues	<u>1,944,950</u>	
Net revenues generated by sewer utility:		
Sewer charges	14,868,500	
Utility operations expenses	<u>(6,047,597)</u>	
Net revenues generated	8,820,903	
Sewer Utility's share of Kankakee River Metropolitan		
Agency's plant operations expenses	<u>(4,996,277)</u>	
Total net revenues available		
(expressed in dollars and as a percentage of debt service		
requirements)	<u>3,824,626</u>	<u>236%</u>
Bond covenant coverage over the required revenues	<u>\$ 1,879,676</u>	

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CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
April 30, 2017

	Series 2009		Series 2010A		Series 2010B	
Date of issue	December 1, 2009		December 2, 2010		December 2, 2010	
Interest rates	2.00% to 5.80%		5.35% to 6.50%		2.00% to 3.90%	
Principal redemption date	May 1		May 1		May 1	
Interest payment dates	May 1 and November 1		May 1 and November 1		May 1 and November 1	
Original issue	\$ 4,000,000		\$ 2,700,000		\$ 2,740,000	
Paid to date	<u>1,425,000</u>		<u>-0-</u>		<u>1,145,000</u>	
Balance, April 30, 2017	<u>\$ 2,575,000</u>		<u>\$ 2,700,000</u>		<u>\$ 1,595,000</u>	
Date as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 270,000	\$ 131,695		\$ 163,755	\$ 245,000	\$ 52,470
2019	280,000	118,283		163,755	250,000	44,920
2020	295,000	103,686		163,755	260,000	36,430
2021	310,000	87,875		163,755	270,000	27,023
2022	325,000	70,885		163,755	280,000	16,770
2023	345,000	52,623		163,755	290,000	5,655
2024	365,000	32,733	\$ 300,000	155,730		
2025	385,000	11,165	310,000	139,180		
2026			320,000	121,615		
2027			330,000	103,088		
2028			340,000	82,550		
2029			355,000	59,963		
2030			365,000	36,563		
2031			380,000	12,350		
2032						
2033						
2034						
2035						
2036						
	<u>\$ 2,575,000</u>	<u>\$ 608,945</u>	<u>\$ 2,700,000</u>	<u>\$ 1,693,569</u>	<u>\$ 1,595,000</u>	<u>\$ 183,268</u>

Series 2013A		Series 2013B		Series 2015	
August 6, 2013 2.91% to 5.13%		August 6, 2013 4.38% to 4.88%		August 27, 2015 3.00% to 4.50%	
May 1		May 1		May 1	
May 1 and November 1		May 1 and November 1		May 1 and November 1	
\$ 2,170,000		\$ 3,550,000		\$ 7,035,000	
-0-		-0-		-0-	
<u>\$ 2,170,000</u>		<u>\$ 3,550,000</u>		<u>\$ 7,035,000</u>	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 215,000	\$ 93,347		\$ 164,750		\$ 284,775
220,000	87,090		164,750	\$ 55,000	284,775
230,000	80,248		164,750	145,000	283,125
235,000	71,439		164,750	220,000	278,775
245,000	62,438		164,750	225,000	272,175
260,000	50,727		164,750	230,000	265,425
270,000	38,300		164,750	240,000	258,525
285,000	25,393		164,750	250,000	251,325
210,000	10,773	\$ 95,000	164,750	305,000	241,325
		320,000	160,594	320,000	229,125
		330,000	146,594	350,000	216,325
		345,000	132,156	350,000	202,325
		365,000	117,063	365,000	188,325
		380,000	100,181	385,000	173,725
		400,000	82,606	660,000	158,325
		415,000	64,106	690,000	128,625
		440,000	43,875	715,000	101,025
		460,000	22,425	750,000	68,850
				780,000	35,100
<u>\$ 2,170,000</u>	<u>\$ 519,755</u>	<u>\$ 3,550,000</u>	<u>\$ 2,352,350</u>	<u>\$ 7,035,000</u>	<u>\$ 3,921,975</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
(Continued)
April 30, 2017

	<u>Totals</u>		
Date of issue			
Interest rates			
Principal redemption date			
Interest payment dates			
Original issue	\$ 22,195,000		
Paid to date	<u>2,570,000</u>		
Balance, April 30, 2017	<u>\$ 19,625,000</u>		
Date as follows:			
<u>Year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 730,000	\$ 890,792	\$ 1,620,792
2019	805,000	863,573	1,668,573
2020	930,000	831,994	1,761,994
2021	1,035,000	793,617	1,828,617
2022	1,075,000	750,773	1,825,773
2023	1,125,000	702,935	1,827,935
2024	1,175,000	650,038	1,825,038
2025	1,230,000	591,813	1,821,813
2026	930,000	538,463	1,468,463
2027	970,000	492,807	1,462,807
2028	1,020,000	445,469	1,465,469
2029	1,050,000	394,444	1,444,444
2030	1,095,000	341,951	1,436,951
2031	1,145,000	286,256	1,431,256
2032	1,060,000	240,931	1,300,931
2033	1,105,000	192,731	1,297,731
2034	1,155,000	144,900	1,299,900
2035	1,210,000	91,275	1,301,275
2036	<u>780,000</u>	<u>35,100</u>	<u>815,100</u>
	<u>\$ 19,625,000</u>	<u>\$ 9,279,862</u>	<u>\$ 28,904,862</u>

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CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
April 30, 2017

	Series 2007B		Series 2008		Series 2009A	
Date of issue	August 2, 2007		June 1, 2008		April 15, 2009	
Interest rates	4.25% to 4.36%		3.45% to 5.25%		2.30% to 5.00%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 1,422,327		\$ 6,930,000		\$ 10,180,000	
Paid to date	<u>1,020,292</u>		<u>740,000</u>		<u>720,000</u>	
Balance, April 30, 2017	<u>\$ 402,035</u>		<u>\$ 6,190,000</u>		<u>\$ 9,460,000</u>	
Due as follows:						
April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 402,035	\$ 227,966	\$ 585,000	\$ 259,020	\$ 735,000	\$ 421,303
2019			670,000	228,308	1,025,000	384,553
2020			900,000	193,803	635,000	333,303
2021			900,000	159,603	660,000	306,633
2022			985,000	124,953	690,000	278,913
2023			1,075,000	86,538	715,000	249,933
2024			1,075,000	43,538	745,000	219,903
2025					780,000	187,868
2026					810,000	154,328
2027					850,000	119,093
2028					890,000	81,693
2029					925,000	42,088
2030						
2031						
2032						
2033						
2034						
2035						
2036						
	<u>\$ 402,035</u>	<u>\$ 227,966</u>	<u>\$ 6,190,000</u>	<u>\$ 1,095,763</u>	<u>\$ 9,460,000</u>	<u>\$ 2,779,611</u>

Series 2009B		Series 2011A		Series 2011B	
April 15, 2009 3.00% to 5.00%		April 27, 2011 2.50% to 4.90%		April 27, 2011 4.10%	
January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 14,905,000		\$ 5,000,000		\$ 370,000	
11,435,000		495,000		-0-	
<u>\$ 3,470,000</u>		<u>\$ 4,505,000</u>		<u>\$ 370,000</u>	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,145,000	\$ 137,322		\$ 209,105		\$ 15,170.0
1,500,000	96,102		209,105		15,170
610,000	39,853	\$ 440,000	209,105	\$ 370,000	15,170
35,000	9,353	600,000	190,185		
40,000	7,830	725,000	164,385		
45,000	6,090	855,000	132,123		
45,000	4,133	930,000	92,365		
50,000	2,175	955,000	46,795		
<u>\$ 3,470,000</u>	<u>\$ 302,858</u>	<u>\$ 4,505,000</u>	<u>\$ 1,253,168</u>	<u>\$ 370,000</u>	<u>\$ 45,510</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2017

	Series 2012		Series 2012A		Series 2012B	
Date of issue	March 13, 2012		October 11, 2012		November 1, 2012	
Interest rates	2.00% to 2.50%		2.00% to 2.90%		2.00% to 3.00%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 2,645,000		\$ 3,915,000		\$ 3,790,000	
Paid to date	<u>1,730,000</u>		<u>995,000</u>		<u>3,480,000</u>	
Balance, April 30, 2017	<u>\$ 915,000</u>		<u>\$ 2,920,000</u>		<u>\$ 310,000</u>	
Due as follows:						
<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 450,000	\$ 22,875	\$ 495,000	\$ 76,335	\$ 100,000	\$ 9,300
2019	465,000	11,625	510,000	63,960	100,000	6,300
2020			520,000	51,210	110,000	3,300
2021			535,000	38,210		
2022			320,000	24,300		
2023			320,000	15,500		
2024			220,000	6,380		
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
	<u>\$ 915,000</u>	<u>\$ 34,500</u>	<u>\$ 2,920,000</u>	<u>\$ 275,895</u>	<u>\$ 310,000</u>	<u>\$ 18,900</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2017

Series 2016B			Totals		
Date of issue	April 19, 2016				
Interest rates	4.00%				
Principal redemption date	January 1				
Interest payment dates	July 1 and January 1				
Original issue	\$ 2,850,000		\$ 64,762,327		
Paid to date	<u>-0-</u>		<u>22,340,292</u>		
April 30, 2017	<u>\$ 2,850,000</u>		<u>\$ 42,422,035</u>		
Due as follows:					
April 30,	Principal	Interest	Principal	Interest	Totals
2018		\$ 114,000	\$ 4,867,035	\$ 1,881,556	\$ 6,748,591
2019		114,000	5,290,000	1,490,883	6,780,883
2020		114,000	4,670,000	1,291,604	5,961,604
2021		114,000	3,910,000	1,116,694	5,026,694
2022		114,000	3,890,000	968,991	4,858,991
2023		114,000	4,235,000	816,024	5,051,024
2024		114,000	4,420,000	645,409	5,065,409
2025		114,000	3,495,000	465,788	3,960,788
2026	\$ 210,000	114,000	1,665,000	321,128	1,986,128
2027	220,000	105,600	1,745,000	251,693	1,996,693
2028	225,000	96,800	1,115,000	178,493	1,293,493
2029	240,000	87,800	1,165,000	129,888	1,294,888
2030	245,000	78,200	245,000	78,200	323,200
2031	255,000	68,400	255,000	68,400	323,400
2032	270,000	58,200	270,000	58,200	328,200
2033	280,000	47,400	280,000	47,400	327,400
2034	290,000	36,200	290,000	36,200	326,200
2035	300,000	24,600	300,000	24,600	324,600
2036	315,000	12,600	315,000	12,600	327,600
	<u>\$ 2,850,000</u>	<u>\$ 1,641,800</u>	<u>\$ 42,422,035</u>	<u>\$ 9,883,751</u>	<u>\$ 52,305,786</u>

STATISTICAL SECTION



Comptroller
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STATISTICAL SECTION

The objective of this part of the City of Kankakee's Comprehensive Annual Financial Report is to provide financial statement users with additional historical perspective, context, and detail. It is intended that the information in the financial statements, notes to financial statements, required supplementary information, combining and individual fund financial statements and supplemental schedules, and the statistical section, taken as a whole, will assist readers in further understanding and assessing the City's economic condition.

<u>Contents</u>	<u>Page(s)</u>
(A) <u>Financial Trends</u> These schedules contain trend information that indicates how the City's financial performance has changed over time.	141-145
(B) <u>Revenue Capacity</u> These schedules provide information on one of the City's most significant and locally controlled revenue sources, the property tax	146-149
(C) <u>Debt Capacity</u> These schedules provide information about the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	150-153
(D) <u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators about the environment within which the City operates. This information is intended to facilitate comparisons of the City's finances over time and among other cities.	154-155
(E) <u>Operating Information</u> These schedules contain service and infrastructure data related to the services the City provides and the activities it performs	156-158

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table A-1

CITY OF KANKAKEE, ILLINOIS
NET POSITION BY COMPONENT (Unaudited)
Fiscal Years Ended April 30, 2007 to 2017
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities											
Net investment in capital assets	\$ 36.9	\$ 40.7	\$ 45.3	\$ 43.7	\$ 46.9	\$ 42.8	\$ 49.1	\$ 44.7	\$ 45.9	\$ 48.0	\$ 48.4
Restricted	9.8	8.9	10.8	6.3	9.6	7.6	6.3	5.9	5.9	8.6	7.3
Unrestricted	<u>(31.8)</u>	<u>(33.6)</u>	<u>(47.5)</u>	<u>(41.1)</u>	<u>(45.6)</u>	<u>(40.0)</u>	<u>(44.2)</u>	<u>(33.0)</u>	<u>(29.6)</u>	<u>(110.3)</u>	<u>(108.5)</u>
Total governmental activities net position	<u>\$ 14.9</u>	<u>\$ 15.9</u>	<u>\$ 8.6</u>	<u>\$ 9.0</u>	<u>\$ 10.8</u>	<u>\$ 10.4</u>	<u>\$ 11.1</u>	<u>\$ 17.6</u>	<u>\$ 22.3</u>	<u>\$ (53.7)</u>	<u>\$ (52.8)</u>
Business-type activities											
Net investment in capital assets	\$ 22.0	\$ 22.0	\$ 24.9	\$ 21.3	\$ 22.3	\$ 21.8	\$ 20.9	\$ 20.1	\$ 20.6	\$ 19.6	\$ 18.1
Restricted	1.7	1.1	2.2	1.4	1.5	2.0	1.7	2.7	2.2	3.1	3.2
Unrestricted	<u>3.6</u>	<u>3.7</u>	<u>2.6</u>	<u>5.3</u>	<u>2.8</u>	<u>1.2</u>	<u>0.1</u>	<u>(3.5)</u>	<u>(2.5)</u>	<u>(3.4)</u>	<u>(4.2)</u>
Total business-type activities net position	<u>\$ 27.4</u>	<u>\$ 26.8</u>	<u>\$ 29.7</u>	<u>\$ 28.0</u>	<u>\$ 26.6</u>	<u>\$ 25.0</u>	<u>\$ 22.7</u>	<u>\$ 19.4</u>	<u>\$ 20.3</u>	<u>\$ 19.3</u>	<u>\$ 17.1</u>
Primary government											
Net investment in capital assets	\$ 58.9	\$ 62.7	\$ 70.2	\$ 65.0	\$ 69.1	\$ 64.6	\$ 70.0	\$ 64.8	\$ 66.5	\$ 67.6	\$ 66.5
Restricted	11.5	10.0	13.0	7.7	11.0	9.6	8.0	8.7	8.2	11.8	10.5
Unrestricted	<u>(28.1)</u>	<u>(29.9)</u>	<u>(44.9)</u>	<u>(35.8)</u>	<u>(42.8)</u>	<u>(38.8)</u>	<u>(44.1)</u>	<u>(36.5)</u>	<u>(32.1)</u>	<u>(113.7)</u>	<u>(112.7)</u>
Total primary government net position	<u>\$ 42.3</u>	<u>\$ 42.8</u>	<u>\$ 42.8</u>	<u>\$ 37.0</u>	<u>\$ 37.4</u>	<u>\$ 35.4</u>	<u>\$ 33.8</u>	<u>\$ 37.0</u>	<u>\$ 42.5</u>	<u>\$ (34.3)</u>	<u>\$ (35.7)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-2

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (Unaudited)
Fiscal Years Ended April 30, 2007 to 2017
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Program Revenues											
Charges for services:											
General government	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.1	\$ 2.9	\$ 2.9	\$ 1.6
Public safety	1.0	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.7	1.0	2.3
Public works	0.3	0.2	0.4	0.6	0.1						0
Community development	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Operating grants and contributions	2.8	3.5	4.0	3.4	4.3	3.9	3.2	3.0	2.7	3.1	2.7
Capital grants and contributions	2.9	6.9	0.7	4.3	0.2	0.1	0.3	0.0	0.2	0.0	0.1
Total program revenues	<u>8.3</u>	<u>12.4</u>	<u>7.0</u>	<u>10.2</u>	<u>6.5</u>	<u>5.9</u>	<u>5.6</u>	<u>4.8</u>	<u>6.7</u>	<u>7.0</u>	<u>7.0</u>
Expenses											
General government	\$ 6.7	\$ 6.2	\$ 8.6	\$ 8.3	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.8	\$ 8.0	\$ 11.8	\$ 6.9
Public safety	13.1	13.6	14.2	16.1	16.2	17.0	17.1	17.6	17.7	18.9	22.2
Public works	2.1	2.5	3.6	2.4	0.3						
Highways and streets	1.7	7.2	2.2	3.3	1.2	3.1	2.6	2.4	2.1	1.8	2.0
Community development	1.5	1.8	2.5	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.8
Culture and recreation	0.1	0.1	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Economic development	0.5	23.5	18.8	17.0	16.4	12.3	12.9	10.8	0.9	1.2	0.3
Interest and fiscal charges	2.1	2.3	2.8	2.8	2.9	2.8	2.6	2.3	2.3	2.0	1.9
Total expenses	<u>27.8</u>	<u>57.1</u>	<u>53.0</u>	<u>51.9</u>	<u>48.2</u>	<u>45.8</u>	<u>44.9</u>	<u>42.3</u>	<u>32.4</u>	<u>37.2</u>	<u>35.2</u>
Net revenue (expense)	<u>\$(19.5)</u>	<u>\$(44.7)</u>	<u>\$(46.0)</u>	<u>\$(41.7)</u>	<u>\$(41.7)</u>	<u>\$(39.9)</u>	<u>\$(39.3)</u>	<u>\$(37.6)</u>	<u>\$(25.7)</u>	<u>\$(30.0)</u>	<u>\$(28.1)</u>
General Revenues and Other Changes in Net Position											
Property taxes	\$ 9.7	\$ 10.7	\$ 11.4	\$ 12.1	\$ 14.6	\$ 13.5	\$ 13.9	\$ 14.6	\$ 15.4	\$ 15.0	\$ 14.7
Special assessments			0	0.3	0.3	0.3	0.0	0.4	0.3	0.0	0.0
Illinois retailers' tax, net	6.0	26.6	24.4	21.1	21.3	18.7	18.6	16.5	6.0	4.7	3.9
Utility taxes	3.3	3.5	3.4	3.4	3.6	3.9	4.1	4.0	4.0	3.7	3.5
Other taxes	3.4	3.8	3.6	3.1	3.3	3.3	3.6	3.9	4.2	4.6	4.4
Intergovernmental, not restricted to specific programs	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Investment income	0.9	0.9	0.4	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Other	0.1	0.1	0.3	0.4	0.8	0.9	0.5	0.5	0.4	0.5	0.6
Contributions from developers											
Transfers	0.7	(0.0)	(4.9)	1.5	(0.4)	(0.1)	0.1	3.9	(0.1)	(0.1)	0.3
Total general revenues and other changes	<u>\$ 24.2</u>	<u>\$ 45.7</u>	<u>\$ 39.0</u>	<u>\$ 42.1</u>	<u>\$ 43.7</u>	<u>\$ 40.7</u>	<u>\$ 40.9</u>	<u>\$ 44.1</u>	<u>\$ 30.4</u>	<u>\$ 28.6</u>	<u>\$ 27.6</u>
Total change in net position	<u>\$ 4.7</u>	<u>\$ 1.0</u>	<u>\$ (7.0)</u>	<u>\$ 0.4</u>	<u>\$ 2.0</u>	<u>\$ 0.8</u>	<u>\$ 1.6</u>	<u>\$ 6.5</u>	<u>\$ 4.6</u>	<u>\$ (1.7)</u>	<u>\$ (0.6)</u>

Note: There may be some slight differences in totals due to rounding.

Table A-3

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES
AND TOTAL PRIMARY GOVERNMENT (Unaudited)
Fiscal Years Ended April 30, 2007 to 2017
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Business-type activities											
Charges for services	\$ 8.4	\$ 8.8	\$ 10.0	\$ 12.6	\$ 12.0	\$ 12.6	\$ 12.7	\$ 16.6	\$ 17.4	\$ 17.3	\$ 17.9
Expenses	<u>8.9</u>	<u>9.6</u>	<u>12.2</u>	<u>14.2</u>	<u>13.9</u>	<u>14.3</u>	<u>14.6</u>	<u>15.7</u>	<u>16.6</u>	<u>17.8</u>	<u>18.6</u>
Net business-type revenues (expenses)	<u>(0.5)</u>	<u>(0.8)</u>	<u>(2.2)</u>	<u>(1.6)</u>	<u>(1.9)</u>	<u>(1.7)</u>	<u>(1.9)</u>	<u>0.9</u>	<u>0.7</u>	<u>(0.5)</u>	<u>(0.7)</u>
Other income and changes in net position:											
Investment income	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.1	(0.0)	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Contributions from developers											
Transfers	<u>(0.7)</u>	<u>0.0</u>	<u>4.9</u>	<u>1.2</u>	<u>(0.8)</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(3.9)</u>	<u>0.1</u>	<u>0.1</u>	<u>(0.3)</u>
Total other income and changes in net position	<u>(0.6)</u>	<u>0.2</u>	<u>4.9</u>	<u>1.3</u>	<u>(0.8)</u>	<u>0.2</u>	<u>0.0</u>	<u>(3.9)</u>	<u>0.1</u>	<u>0.2</u>	<u>(0.2)</u>
Total change in net position	<u>(1.1)</u>	<u>(0.6)</u>	<u>2.7</u>	<u>(0.3)</u>	<u>(2.7)</u>	<u>(1.5)</u>	<u>(1.9)</u>	<u>(3.0)</u>	<u>0.9</u>	<u>(0.3)</u>	<u>(0.9)</u>
Total Primary Government											
Program revenues	\$ 16.7	\$ 21.4	\$ 17.0	\$ 22.7	\$ 18.5	\$ 18.5	\$ 18.3	\$ 21.3	\$ 24.0	\$ 24.4	\$ 25.0
Expenses	<u>(36.7)</u>	<u>(66.7)</u>	<u>(65.4)</u>	<u>(66.2)</u>	<u>(62.1)</u>	<u>(60.8)</u>	<u>(59.6)</u>	<u>(58.0)</u>	<u>(49.0)</u>	<u>(54.9)</u>	<u>(53.7)</u>
Net revenues (expenses)	<u>(20.0)</u>	<u>(45.3)</u>	<u>(48.4)</u>	<u>(43.5)</u>	<u>(43.6)</u>	<u>(42.3)</u>	<u>(41.3)</u>	<u>(36.7)</u>	<u>(25.0)</u>	<u>(30.5)</u>	<u>(28.8)</u>
General revenues and other changes in net position	<u>23.6</u>	<u>45.9</u>	<u>43.8</u>	<u>43.4</u>	<u>42.9</u>	<u>40.3</u>	<u>40.8</u>	<u>40.2</u>	<u>30.5</u>	<u>28.6</u>	<u>27.3</u>
Total change in net position	<u>\$ 3.6</u>	<u>\$ 0.6</u>	<u>\$ (4.6)</u>	<u>\$ (0.1)</u>	<u>\$ (0.7)</u>	<u>\$ (2.0)</u>	<u>\$ (0.5)</u>	<u>\$ 3.6</u>	<u>\$ 5.5</u>	<u>\$ (1.9)</u>	<u>\$ (1.4)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-4

CITY OF KANKAKEE, ILLINOIS
FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2007 to 2017
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund											
Nonspendable	\$ 0.6	\$ 0.8	\$ 0.9	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.3
Unassigned	<u>2.6</u>	<u>2.3</u>	<u>1.3</u>	<u>0.0</u>	<u>1.0</u>	<u>1.4</u>	<u>2.4</u>	<u>3.1</u>	<u>5.1</u>	<u>3.5</u>	<u>4.2</u>
Total General Fund	<u>\$ 3.2</u>	<u>\$ 3.1</u>	<u>\$ 2.2</u>	<u>\$ 0.5</u>	<u>\$ 1.6</u>	<u>\$ 1.8</u>	<u>\$ 2.8</u>	<u>\$ 3.5</u>	<u>\$ 5.5</u>	<u>\$ 3.9</u>	<u>\$ 4.5</u>
All Other Governmental Funds											
Restricted for:											
Capital projects fund	\$ 7.4	\$ 5.4	\$ 7.9	\$ 4.4	\$ 8.0	\$ 5.0	\$ 3.1	\$ 1.5	\$ 0.8	\$ 3.1	\$ 2.2
Unexpended street maintenance						1.3	1.4	1.8	1.5	1.5	1.1
Economic development						0.9	1.3	1.8	2.5	3.1	3.9
Culture & recreation						0.0	0.0	0.0	0.0	0.0	0.0
Retirement obligations						0.4	0.5	0.5	0.6	0.7	0.9
Community development						0.2	0.2	0.1	0.1	0.1	
Special revenue funds	1.8	2.5	1.9	1.6	1.3						
Debt service funds	0.7	0.9	1.0	0.3	0.3	0.4	0.4	0.8	1.2	1.0	0.2
Unassigned, reported in:											
Special revenue funds	0.4	1.7	0.7	0.3	0.8	(0.1)	(0.4)	(0.3)	(0.4)	(0.6)	(1.1)
Debt service funds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total all other governmental funds	<u>\$ 10.3</u>	<u>\$ 10.5</u>	<u>\$ 11.5</u>	<u>\$ 6.6</u>	<u>\$ 10.4</u>	<u>\$ 8.1</u>	<u>\$ 6.5</u>	<u>\$ 6.3</u>	<u>\$ 6.3</u>	<u>\$ 8.9</u>	<u>\$ 7.1</u>
Total, all governmental funds	<u>\$ 13.5</u>	<u>\$ 13.6</u>	<u>\$ 13.7</u>	<u>\$ 7.1</u>	<u>\$ 12.0</u>	<u>\$ 9.9</u>	<u>\$ 9.3</u>	<u>\$ 9.8</u>	<u>\$ 11.8</u>	<u>\$ 12.8</u>	<u>\$ 11.6</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-5

CITY OF KANKAKEE, ILLINOIS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2007 to 2017
(modified accrual basis of accounting)
(amounts expressed in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues											
Taxes	22.5	\$ 44.6	\$ 42.9	\$ 39.8	\$ 42.7	\$ 38.8	\$ 40.1	\$ 39.0	\$ 29.5	\$ 27.9	\$ 26.6
Special assessments			0.3	0.3	0.3	0.3	0.0	0.4	0.3	0.3	0.3
Licenses, fees and permits	1.5	1.1	1.1	1.2	1.3	1.4	1.6	1.3	3.1	3.4	3.4
Intergovernmental	4.7	7.9	4.7	3.6	4.5	4.1	3.6	3.0	3.0	3.1	2.7
Charges for services	0.6	0.5	0.7	0.8	0.3	0.2	0.2	0.1	0.2	0.1	0.4
Fines and penalties	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4
Investment earnings	0.9	0.9	0.4	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1
Other revenues	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>0.0</u>	<u>0.5</u>	<u>0.4</u>	<u>0.5</u>	<u>0.7</u>
Total revenues	<u>\$ 30.9</u>	<u>\$ 55.6</u>	<u>\$ 50.8</u>	<u>\$ 46.9</u>	<u>\$ 50.4</u>	<u>\$ 46.2</u>	<u>\$ 46.3</u>	<u>\$ 44.9</u>	<u>\$ 37.0</u>	<u>\$ 35.8</u>	<u>\$ 34.6</u>
Expenditures											
General government	7.1	\$ 9.1	\$ 8.2	\$ 7.6	\$ 7.2	\$ 6.8	\$ 6.7	\$ 7.1	\$ 6.8	\$ 7.1	\$ 7.1
Public safety	13.0	14.2	22.8	16.0	16.1	16.9	17.0	17.4	17.4	18.6	18.2
Public works	2.1	2.7	3.5	2.6	0.3						
Highways and streets	3.8	7.7	4.0	2.8	1.3	2.2	1.7	1.4	1.3	1.2	1.1
Community development	1.4	2.3	2.5	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.9
Culture and recreation	0.1	0.1	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Economic development	0.5	24.2	18.8	16.5	16.4	12.4	12.9	10.8	0.9	1.2	0.3
Debt service:											
Principal retirement	2.9	3.3	3.9	4.2	4.6	4.8	4.9	4.6	4.8	4.9	5.6
Interest and fiscal charges	<u>4.0</u>	<u>2.3</u>	<u>3.4</u>	<u>2.7</u>	<u>3.1</u>	<u>2.9</u>	<u>2.8</u>	<u>2.4</u>	<u>2.4</u>	<u>2.1</u>	<u>1.9</u>
Total expenditures	<u>\$ 34.9</u>	<u>\$ 65.9</u>	<u>\$ 67.4</u>	<u>\$ 54.4</u>	<u>\$ 51.4</u>	<u>\$ 48.4</u>	<u>\$ 47.9</u>	<u>\$ 45.3</u>	<u>\$ 35.0</u>	<u>\$ 36.6</u>	<u>\$ 36.1</u>
Other Financing Sources (Uses)											
Proceeds from borrowing	5.8	\$ 10.3	\$ 17.6		\$ 5.0					\$ 3.0	\$ -
Proceeds from refunding	4.3		15.1		1.7	\$ 4.8	\$ 7.9	\$ 2.7	\$ 6.8	\$ 3.8	-
Payments to escrow agent	(4.4)		(11.0)		(1.7)	(4.7)	(7.7)	(5.7)	(6.7)	(3.7)	-
Proceeds from disposal of capital assets	0.1										
Transfers in	4.1	4.0	4.7	\$ 4.4	\$ 4.5	2.9	3.0	6.3	1.8	2.7	1.9
Transfers out	<u>(3.4)</u>	<u>(4.1)</u>	<u>(9.6)</u>	<u>(2.9)</u>	<u>(3.7)</u>	<u>(3.0)</u>	<u>(2.9)</u>	<u>(2.3)</u>	<u>(1.9)</u>	<u>(2.8)</u>	<u>(1.7)</u>
Total other financing sources (uses)	<u>\$ 6.5</u>	<u>\$ 10.2</u>	<u>\$ 16.8</u>	<u>\$ 1.5</u>	<u>\$ 5.8</u>	<u>\$ -</u>	<u>\$ 0.3</u>	<u>\$ 0.9</u>	<u>\$ 0.1</u>	<u>\$ 3.0</u>	<u>\$ 0.3</u>
Net change in fund balances	<u>\$ 2.5</u>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$ (6.0)</u>	<u>\$ 4.8</u>	<u>\$ (2.2)</u>	<u>\$ (1.3)</u>	<u>\$ 0.6</u>	<u>\$ 2.0</u>	<u>\$ 2.2</u>	<u>\$ (1.2)</u>
Capital outlay (included in expenditures above)	<u>\$ 4.3</u>	<u>\$ 6.7</u>	<u>\$ 12.2</u>	<u>\$ 1.6</u>	<u>\$ 1.6</u>	<u>\$ (0.0)</u>	<u>\$ (0.0)</u>	<u>\$ 0.6</u>	<u>\$ 0.3</u>	<u>\$ 0.9</u>	<u>\$ 1.0</u>
Debt service as a percentage of non-capital expenditures	22.5%	9.5%	13.2%	13.2%	15.3%	16.0%	16.0%	15.7%	20.7%	19.7%	21.3%

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table B-1**CITY OF KANKAKEE, ILLINOIS****ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (Unaudited)****LEVY YEARS 2007 - 2016****(amounts expressed in thousands)**

Levy Year	Residential ²	Commercial ²	Industrial ²	Farm ²	Railroad ²	Valuation, City of Kankakee Assessed ² Actual ²		Ratio, Assessed/ Actual	City Direct Rate ¹
2016	\$ 110,239	79,094	\$ 19,775	\$ 524	\$ 2,437	212,069	636,206	33.3%	6.040
2015	\$ 115,988	81,793	\$ 21,914	\$ 467	\$ 2,534	222,696	668,089	33.3%	7.040
2014	122,677	80,826	22,082	425	2,269	228,279	684,838	33.3%	6.879
2013	130,167	80,839	22,486	395	2,310	236,198	708,594	33.3%	6.817
2012	147,614	81,104	21,058	371	2,256	252,403	757,209	33.3%	6.156
2011	164,041	79,539	21,613	374	2,185	267,752	803,255	33.3%	5.448
2010	182,769	82,501	21,676	448	1,887	289,282	867,845	33.3%	4.880
2009	182,470	83,328	21,645	428	1,682	289,554	868,661	33.3%	4.785
2008	183,737	81,298	20,377	467	1,382	287,261	861,782	33.3%	3.997
2007	181,232	79,317	22,242	482	1,135	284,408	853,225	33.3%	3.808

Source: Office of the Kankakee County Clerk

Note: State law prescribes an assessment ratio of 33% of actual value.

¹City direct rate is per \$100 EAV²Amounts expressed in thousands

Note: There may be some slight differences in totals due to rounding.

Table B-2

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (Unaudited)
LEVY YEARS 2007 - 2016

LEVY YEAR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates										
General Fund:										
General Corporate	\$0.008	\$0.008	\$0.008	\$0.006	\$0.007	\$0.008	\$0.009	\$0.010	\$0.010	\$0.011
Fire Protection	0.087	0.087	0.086	0.163	0.183	0.201	0.225	0.242	0.259	0.270
Police Protection	0.067	0.067	0.067	0.173	0.194	0.213	0.238	0.254	0.269	0.281
Firemen's Pension	0.511	0.547	0.797	0.753	0.826	0.936	1.087	1.181	1.252	1.406
Police Pension	0.484	0.501	0.699	0.661	0.792	0.897	1.014	1.119	1.216	1.438
School Crossing Guard	0.010	0.010	0.010	0.011	0.012	0.013	0.014	0.015	0.015	0.016
Liability Insurance	0.371	0.370	0.369	0.401	0.452	0.496	0.554	0.598	0.639	0.667
Audit	0.013	0.013	0.013	0.015	0.017	0.019	0.021	0.022	0.022	0.023
Debt Service	<u>1.465</u>	<u>1.550</u>	<u>1.812</u>	<u>1.773</u>	<u>1.961</u>	<u>2.295</u>	<u>2.485</u>	<u>2.207</u>	<u>2.076</u>	<u>2.167</u>
Total General Fund	<u>\$3.016</u>	<u>\$3.153</u>	<u>\$3.861</u>	<u>\$3.956</u>	<u>\$4.444</u>	<u>\$5.078</u>	<u>\$5.646</u>	<u>\$5.647</u>	<u>\$5.758</u>	<u>\$6.279</u>
Special Revenue Funds										
Parks	\$0.014	\$0.014	\$0.014	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Band	0.006	0.006	0.006	0.006	0.007	0.007	0.008	0.008	0.008	0.009
IMRF	0.194	0.203	0.280	0.295	0.323	0.355	0.382	0.401	0.415	0.434
Library	<u>0.578</u>	<u>0.621</u>	<u>0.624</u>	<u>0.623</u>	<u>0.674</u>	<u>0.716</u>	<u>0.781</u>	<u>0.824</u>	<u>0.858</u>	<u>0.896</u>
Total Special Revenue Funds	<u>\$0.792</u>	<u>\$0.844</u>	<u>\$0.924</u>	<u>\$0.924</u>	<u>\$1.004</u>	<u>\$1.078</u>	<u>\$1.171</u>	<u>\$1.232</u>	<u>\$1.282</u>	<u>\$1.338</u>
Total City Direct Rate	<u>\$3.808</u>	<u>\$3.997</u>	<u>\$4.785</u>	<u>\$4.880</u>	<u>\$5.448</u>	<u>\$6.156</u>	<u>\$6.817</u>	<u>\$6.879</u>	<u>\$7.040</u>	<u>\$7.618</u>
Special District and Overlapping Unit Rates										
Special Service Area No. 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000
Special Service Area No. 2	0.041	0.039	0.040	0.040	0.044	0.049	0.057	0.059	0.060	0.060
Special Service Area No. 3	0.947	0.952	0.083	0.083	0.100	0.100	0.100	0.100	0.100	0.100
Special Service Area No. 5	0.300	0.300	0.300	0.300	0.145	0.154	0.163	0.174	0.181	0.196
Kankakee Township (including Road & Bridge)	0.494	0.511	0.515	0.533	0.569	0.618	0.674	0.702	0.722	0.753
School District No. 111	4.196	4.294	4.319	4.325	4.695	4.491	5.377	5.656	5.925	6.198
Kankakee Valley Airport Authority	0.039	0.039	0.038	0.038	0.040	0.041	0.044	0.045	0.045	0.045
Kankakee Valley Park District	0.511	0.518	0.519	0.526	0.568	0.618	0.464	0.702	0.730	0.766
Kankakee County Forest Preserve District	0.054	0.056	0.057	0.059	0.060	0.600	0.060	0.060	0.060	0.060
Kankakee County	0.833	0.816	0.807	0.833	0.890	0.953	1.022	1.053	1.142	1.133
Kankakee Community College District #520	<u>0.381</u>	<u>0.377</u>	<u>0.384</u>	<u>0.396</u>	<u>0.404</u>	<u>0.417</u>	<u>0.451</u>	<u>0.461</u>	<u>0.485</u>	<u>0.486</u>
Total Overlapping Units	<u>\$9.796</u>	<u>\$9.902</u>	<u>\$9.062</u>	<u>\$9.133</u>	<u>\$9.515</u>	<u>\$10.041</u>	<u>\$10.411</u>	<u>\$11.011</u>	<u>\$11.450</u>	<u>\$11.797</u>
Overall Tax Rate	<u>\$13.604</u>	<u>\$13.899</u>	<u>\$13.847</u>	<u>\$14.013</u>	<u>\$14.963</u>	<u>\$16.197</u>	<u>\$17.228</u>	<u>\$17.890</u>	<u>\$18.489</u>	<u>\$19.415</u>

Note: Each taxing unit levies a total dollar amount. The rate is then determined by the County by dividing the levy by the taxable equalized assessed value of the property within each taxing unit's district.

Source: Tax bills for respective years

Note: There may be some slight differences due to rounding.

CITY OF KANKAKEE
PRINCIPAL PROPERTY TAXPAYERS (Unaudited)
LEVY YEARS 2007 AND 2016 (10 YEARS, PRIOR AND CURRENT LEVY YEAR)

<u>Taxpayer</u>	<u>Levy year 2007</u>			<u>Levy year 2016</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Walmart				\$ 3,638,933	1	1.72%
BASF Cognis Corporation	\$ 7,284,688	1	2.56%	3,154,250	2	1.49%
Great Oak LLC	3,252,337	2	1.14%			
Riverstone Hotel Partners LLC	2,878,702	4	1.01%			
Riverside Senior Living Center	2,849,634	5	1.00%	2,849,634	3	1.34%
IKO Midwest, Inc.				2,839,129	4	1.34%
Presence Properties (Med Centers)				2,702,837	5	1.27%
Riverwoods Preservation, LP	2,514,402	7	0.88%	2,609,679	6	1.23%
Space Center Chicago, Inc.	2,557,311	6	0.90%	2,557,311	7	1.21%
Cor Unum	2,152,916	8	0.76%	2,169,030	8	1.02%
Kohl Apartments	1,898,163	10	0.67%	1,686,143	9	0.80%
Armstrong World Industries, Inc.	2,892,464	3	1.02%	1,658,502	10	0.78%
Heritage Executive Center, Inc.	2,116,658	9	0.74%			
Total	<u>\$ 30,397,275</u>		<u>10.69%</u>	<u>\$ 25,865,448</u>		<u>12.20%</u>
Total EAV	<u>\$ 284,408,370</u>			<u>\$ 212,068,769</u>		

Source: Kankakee County Supervisor of Assessments

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LEVY YEARS 2007 - 2016

Tax Levy Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy	
2016	\$ 15,120,153	14,438,400	95.5%	
2015	14,591,758	14,021,562	96.1%	
2014	14,698,858	14,366,873	97.7%	
2013	15,107,818	14,613,899	96.7%	
2012	14,542,067	14,338,748	98.6%	
2011	13,699,916	13,878,101	101.3%	
2010	13,293,730	13,273,991	99.9%	
2009	12,300,212	12,328,309	100.2%	
2008	10,438,232	10,325,580	98.9%	
2007	10,015,994	9,822,065	98.1%	

Property taxes levied during the current fiscal year are not extended and/or collected until the subsequent fiscal year. Therefore, no property taxes are collected for the most recent tax levy year at the close of the current fiscal year.

Property taxes not paid at the time of the payment deadline are sold by the County Treasurer at auction. The proceeds from the sale of the unpaid taxes are remitted by the County to the City by the end of each calendar year. Therefore, there are no tax collections for subsequent years. The property owners then have two years to purchase the taxes back through the County before title to the property passes to the holder of the paid taxes.

The County Clerk rounds the levy to assure the full levy is extended. Periodically, this results in property tax collections slightly greater than 100% for a particular levy year.

Table C-1

CITY OF KANKAKEE, ILLINOIS
OUTSTANDING DEBT (PRINCIPAL AND INTEREST) BY TYPE AND LEGAL DEBT MARGIN (Unaudited)
Fiscal Years Ended April 30, 2008 to 2017

Fiscal Year Ended	Governmental Activities		Business-type Activities			Total Primary Government (A+B+E)	Total Debt per Capita	Total Debt as a % of Personal Income
	General Obligation Bonds (A)	Installment Loans (B) ²	Revenue Bonds (C)	Other Loans (D)	Total Business- type (C+D+E)			
2017	\$42,422,035	\$ 940,965	\$19,775,750	\$3,874,442	23,650,192	67,013,192	2,434	6.4%
2016	47,674,531	1,297,580	20,125,000	\$3,921,202	3 24,046,202	73,018,313	2,652	7.1%
2015	49,294,656	1,640,416	13,570,000		13,570,000	64,505,072	2,342	6.3%
2014	53,687,327	1,970,020	14,035,000		14,035,000	69,692,347	2,531	7.1%
2013	60,842,327	2,286,919	8,315,000	\$4,350,000 ¹	12,665,000	75,794,246	2,752	7.8%
2012	65,302,327	2,591,617	8,765,000	\$4,000,000 ¹	12,765,000	80,658,944	2,929	8.6%
2011	69,687,327	2,884,600	9,205,000		9,205,000	81,776,927	2,970	8.9%
2010	68,912,327	3,166,333	6,795,000		6,795,000	78,873,660	2,869	8.9%
2009	72,817,327	3,484,556	2,970,000		2,970,000	79,271,883	2,884	9.0%
2008	55,097,327	3,660,534	7,545,000		7,545,000	66,302,861	2,412	7.4%

¹Line of credit²Installment loan³Illinois EPA Loan

COMPUTATION OF LEGAL DEBT MARGIN -

The City of Kankakee, Illinois is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

Table C-2

CITY OF KANKAKEE, ILLINOIS
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING (Unaudited)
Fiscal Years Ended April 30, 2008 to 2017

<u>Fiscal Year Ended</u>	<u>GO Bonds</u>	<u>GO Debt Per Capita</u>	<u>GO Debt as a % of Personal Income</u>	<u>GO Debt as a % of Actual Property EAV</u>	<u>GO Debt as a % of Actual Property Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2017	\$ 42,422,035	\$ 1,541	4.0%	20.0%	6.7%	2.36
2016	47,674,531	\$ 1,731	4.6%	22.5%	7.5%	2.39
2015	49,294,656	1,790	4.8%	21.6%	7.2%	2.55
2014	53,687,327	1,950	5.5%	22.7%	7.6%	2.82
2013	60,842,327	2,209	6.3%	24.1%	8.0%	1.06
2012	65,302,327	2,371	7.0%	24.4%	8.1%	2.48
2011	69,687,327	2,531	7.4%	24.1%	8.0%	0.69
2010	68,912,327	2,507	7.7%	23.8%	7.9%	3.80
2009	72,817,327	2,649	8.3%	25.3%	8.4%	0.19
2008	55,097,327	2,004	6.1%	19.4%	6.5%	1.36

Population and personal income from Table D-1

Source of Revenue coverage calculation: City Records

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF DIRECT AND OVERLAPPING DEBT (Unaudited)
April 30, 2017

<u>Jurisdiction</u>	Outstanding <u>Debt</u>	Estimate Applicable to City	
		<u>Percent</u>	<u>Amount</u>
Direct			
City of Kankakee ⁽¹⁾	\$ 42,422,035	100.00%	\$ 42,422,035
Overlapping ⁽²⁾			
Kankakee School District No. 111	18,550,000	64.30%	11,927,650
Herscher School District No. 2	9,970,000	0.71%	70,787
Bradley School District No. 61	2,580,000	5.01%	129,258
Bradley-Bourbonnais High School District No. 307	4,560,000	1.50%	68,400
Clifton School District No. 4	10,664,294	1.82%	194,090
Bourbonnais Township Park District	2,612,565	1.69%	44,152
Kankakee Community College Dist. No. 520	14,315,000	9.81%	1,404,302
Kankakee County ³		12.22%	-
Total Overlapping Debt	<u>63,251,859</u>		<u>13,838,638</u>
Total Net Direct and Overlapping Debt	<u>\$ 105,673,894</u>		<u>\$ 56,260,673</u>

2016 Equalized Assessed Valuation (EAV)	\$ 212,068,769
2016 Estimated Full Valuation	\$ 636,206,307
Population - 2010 Census	27,537
Full Valuation per Capita	\$ 23,104

<u>Debt Ratios</u>			
	<u>%</u> <u>EAV</u>	<u>% Full</u> <u>Value</u>	<u>Per</u> <u>Capita</u>
Net Direct Debt: \$ 42,422,035	20.00%	6.67%	\$ 1,541
Net Direct and Overlapping Debt: \$ 56,260,673	26.53%	8.84%	\$ 2,043

(1) Net direct debt is exclusive of self-supporting debt

(2) Debt Information current to December 2016; overlapping bonded debt; source is Kankakee County

(3) The County's bonded debt totals \$15,970,000 all of which is self-supporting

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF UTILITY REVENUE SUPPORTED BOND COVERAGE (UNAUDITED)
Fiscal Years Ended April 30, 2008 to 2017

<u>Fiscal Year</u>	<u>Sewer Revenue</u>	<u>Sewer Expense (1)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
2017	\$ 14,868,500	\$11,043,874	3,824,626	\$ 730,000	\$ 890,792	1,620,792	2.36
2016	13,647,571	10,492,966	3,154,605	500,000	818,309	1,318,309	2.39
2015	12,193,849	9,331,313	2,862,536	480,000	642,685	1,122,685	2.55
2014	11,502,262	8,526,303	2,975,959	465,000	589,788	1,054,788	2.82
2013	9,293,626	8,374,382	919,244	450,000	420,195	870,195	1.06
2012	9,426,813	7,284,586	2,142,227	440,000	424,515	864,515	2.48
2011	8,626,955	7,212,080	2,409,054	3,030,000	438,202	3,468,202	0.69
2010	7,872,919	6,392,731	1,480,188	175,000	214,788	389,788	3.80
2009	7,692,088	7,053,293	638,795	3,078,923	356,250	3,435,173	0.19
2008	8,836,943	7,598,441	1,238,502	530,000	377,936	907,936	1.36

(1) Total operating expenses exclusive of depreciation.

(2) Net revenues available for debt service divided by debt service payments.

Table D-1

CITY OF KANKAKEE, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2008 to 2017

<u>Fiscal Year Ended</u>	<u>Population</u> ¹	<u>Per Capita Personal Income</u> ²	<u>Total Personal Income</u>	<u>Unemployment Rate</u> ³
2017	27,537	\$ 38,171	\$ 1,051,114,827	4.7%
2016	27,537	37,400	1,029,883,800	6.1%
2015	27,537	37,400	1,029,883,800	6.0%
2014	27,537	35,657	981,886,809	8.6%
2013	27,537	35,147	967,842,939	11.3%
2012	27,537	34,013	936,615,981	14.5%
2011	27,537	33,379	919,157,523	15.0%
2010	27,491	32,379	890,131,089	16.7%
2009	27,491	32,008	879,931,928	15.5%
2008	27,491	32,756	900,495,196	12.0%
2007	27,491	31,029	853,018,239	8.8%

¹ Census Bureau, 2010

² U.S. Bureau of Economic Analysis for Kankakee Metro Statistical Area

³ June 2017, Illinois Department of Employment Security

Table D-2

CITY OF KANKAKEE, ILLINOIS
LARGEST REGIONAL EMPLOYERS (Unaudited)
Fiscal Years Ended April 30, 2008 and April 30, 2017

<u>Employer</u>	2008			2017		
	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>
Riverside Healthcare	2,100	1	2.0%	2,827	1	2.5%
CSL Behring	550	8	0.5%	1,265	2	1.1%
Shapiro Developmental Center	1,288	2	1.2%	1,166	3	1.0%
Presence St. Mary's Hospital	1,000	3	1.0%	1,139	4	1.0%
CIGNA (Connecticut General Insurance)	900	4	0.9%	1,000	5	0.9%
Kankakee Community College	396	11	0.4%	632	6	0.6%
Kankakee School District No. 111	800	5	0.8%	630	7	0.6%
Baker & Taylor Company	640	6	0.6%	604	8	0.5%
Van Drunen Farms ¹				603	9	0.5%
Kankakee County Government	550	8	0.5%	550	10	0.5%
Olivet Nazarene University	400	10	0.4%	540	11	0.5%
Del Monte Fresh Produce, N.A., Inc. ¹				371	12	0.3%
Indian Oaks Academy ¹				365	13	0.3%
Illinois Veterans Home ¹				360	14	0.3%
Nucor Steel	<u>304</u>	15	<u>0.3%</u>	<u>300</u>	15	<u>0.3%</u>
Total	<u>8,928</u>		<u>8.6%</u>	<u>12,352</u>		<u>10.9%</u>

¹Employer was not in top 15 in calendar 2008

Source: Economic Alliance of Kankakee County
City of Kankakee records from fiscal 2008 audit

Table E-1

CITY OF KANKAKEE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)
Fiscal Years Ended April 30, 2008 to 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Mayor and Council	16.0	16.0	16.0	16.0	16.0	16.0	17.0	17.0	17.0	17.0
Affirmative Action/Personnel	1.5	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-
Clerk	3.5	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	3.0
Finance/Central Services										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Billing and Collections	1.5	1.5	1.5	1.5	0.5	0.5	0.5	0.5	0.5	0.5
Legal										
Counsel and Legal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Adjudication	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Senior Aides	2.0	2.0	2.0	-	-	-	-	-	-	-
Public Safety										
Police										
Officers	73.0	74.0	74.0	70.0	69.0	70.0	69.0	67.0	68.0	68.0
Civilians	15.0	13.0	13.0	12.0	7.0	7.5	9.0	4.0	4.0	4.0
Fire										
Firefighters and Officers	52.0	58.0	58.0	56.0	52.0	53.0	51.0	48.0	48.0	48.0
Civilians	2.0	2.0	2.0	2.0	1.0	1.0	3.0	2.0	2.0	2.0
Code	16.0	15.0	15.0	12.0	9.0	9.0	12.0	10.0	9.0	10.0
Public Works										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Garage	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	1.0	4.0
Streets, Alleys, and Solid Waste	21.0	21.0	21.0	22.0	25.0	29.0	24.0	24.0	22.0	22.0
Parks	1.0	1.0	1.0	-	-	-	-	-	-	-
Community Development Agency	6.0	9.0	9.0	9.0	9.0	7.0	5.5	6.0	6.0	4.0
Environmental Services Utility										
Administration and clerical	4.0	3.0	3.0	2.0	1.0	5.0	5.0	5.0	5.0	6.0
Lab	6.0	5.0	5.0	5.0	6.0	6.0	4.0	4.0	6.0	5.0
Sewer services	10.0	9.0	9.0	9.0	9.0	7.0	6.0	9.0	9.0	11.0
Technical services	5.0	11.0	11.0	11.0	9.0	8.0	5.0	4.0	4.0	6.0
Building maintenance	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Total	<u>253.5</u>	<u>262.0</u>	<u>262.0</u>	<u>248.0</u>	<u>232.5</u>	<u>238.0</u>	<u>230.0</u>	<u>218.0</u>	<u>216.0</u>	<u>222.5</u>

Source: City records

Note: There may be some slight differences in totals due to rounding

Table E-2

CITY OF KANKAKEE, ILLINOIS
OPERATING INDICATORS (Unaudited)
Fiscal Years Ended April 30, 2008 to April 30, 2017

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police										
Total arrests	3,750	2,366	2,225	2,038	2,038	2,230	1,494	1,498	1,391	1,397
Traffic citations	6,983	5,279	3,540	5,260	5,260	3,330	4,217	5,296	5,983	7,482
Fire										
Fire runs	2,564	2,727	2,328	2,509	5,377	5,372	4,299	5,569	5,547	5,891
Structure fires	114	144	173	123	88	57	168	51	48	145
EMS calls	3,755	3,723	3,768	3,782	3,658	3,685	3,941	4,391	4,468	4,786
Public Works										
Street Sweepings (tons)	1,079	1,079	903	478	478	475	568	603	689	662
Non-demolition waste (tons)	922	922	613	656	656	665	774	672	839	881
Wastewater										
Number of customers										
Residential and commercial	8,162	8,043	7,907	7,985	7,957	7,683	7,683	7,683	7,566	7,250
Industrial and institutional	36	40	40	40	44	45	46	46	46	45
Sewer charges (in thousands of \$'s)										
Residential	\$ 2,516	\$ 2,737	\$ 3,222	\$ 3,373	\$ 3,718	\$ 3,491	\$ 4,065	\$ 4,167	\$ 4,460	\$ 4,391
Industrial	\$ 4,714	\$ 4,372	\$ 4,729	\$ 5,076	\$ 5,709	\$ 5,355	\$ 7,437	\$ 7,220	\$ 9,188	\$ 8,240
Treatment capacity (MGD)	14	14	14	14	14	14	25	25	25	25
Present Load (MGD)	8	8	8	8	8	8	12	16	18	18

Source: City records

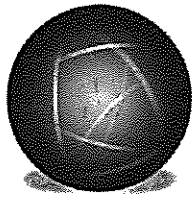
CITY OF KANKAKEE, ILLINOIS
CAPITAL ASSET STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2008 to April 30, 2017

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	25	25	25	25	25	22	22	24	24
Fire										
Stations	6	7	7	7	7	7	7	7	7	7
Front-line apparatus	6	7	7	7	7	7	7	7	7	7
Public works										
Streets (miles)	270	270	270	270	270	270	270	270	270	270
Alleys (miles)	113	113	113	113	113	113	113	113	113	113
Bridges	17	17	17	17	17	17	17	17	17	17
Sidewalks (miles)	222	222	222	222	222	222	222	222	222	222
Streetlights	192	192	192	192	192	192	192	192	192	192
Traffic signals (intersections)	33	33	33	33	33	33	33	33	33	33
Storm sewers (miles)	122	122	122	122	122	122	122	122	122	122
Wastewater										
Sanitary sewers (miles)	145	145	145	145	145	145	145	145	145	145

Source: City records

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SINGLE AUDIT SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council
City of Kankakee, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 8, 2018. Our report includes a reference to other auditors who audited the financial statements of Kankakee River Metropolitan Agency, a joint venture, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

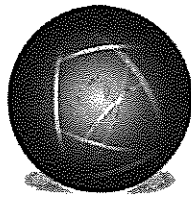
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Groskreutz, Abraham, Eshterman & Geretse LLC

Kankakee, Illinois
November 8, 2018



**GROSCKREUTZ
ABRAHAM
ESHLEMAN
& GERRETSE LLC**

Larry D. Grosckreutz, C.P.A.
M.J. Abraham, C.P.A.
Amy Eshleman, C.P.A.
Dale L. Gerretse, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and City Council
City of Kankakee, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Kankakee, Illinois' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2017.

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Cullom, Illinois 60929
Phone: (815) 689-2174

214 South Center Street
Forrest, Illinois 61741
Phone: (815) 657-8433

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Groszkewitz, Abraham, Eshterman & Genetse LLC

Kankakee, Illinois
November 8, 2018

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended April 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>MAJOR PROGRAMS</u>			
<u>Department of Housing and Urban Development</u>			
Lead-Based Paint Abatement	14.900	ILL HB 0590-14	<u>\$1,231,099</u>
Total Major Programs			<u>1,231,099</u>
<u>OTHER PROGRAMS</u>			
<u>Environmental Protection Agency</u>			
Passed-through Stantec Consulting Services Inc.: Small Business Liability Relief and Brownfields Revitalization Act	66.818	BF-00E01381	<u>99,566</u>
Total Environment Protection Agency			<u>99,566</u>
<u>Department of Transportation</u>			
Passed-through Illinois Department of Transportation:			
Highway Planning and Construction	20.205	C-93-121-12	67,921
Highway Safety Project	20.600	OP150185	14,698
Highway Safety Project	20.600	OP160112	22,252
Highway Safety Project	20.600	OP170040	<u>12,002</u>
Total Department of Transportation			<u>116,873</u>
<u>Department of Housing and Urban Development</u>			
Community Development Block Grant:			
Program year 2016	14.218	B-16-MC-17-0026	280,911
Program year 2015	14.218	B-15-MC-17-0026	<u>41,667</u>
			322,578
Economic Development Initiative	14.251	B-09-SP-IL-0137	<u>1,292</u>
Total Department of Housing and Urban Development			<u>323,870</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the year ended April 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Department of Justice</u>			
JAG Program Cluster:			
FY2016 Justice Assistance Grant Program	16.738	2016-DJ-BX-1093	\$ 5,741
Passed-through Illinois Criminal Justice Information Authority:			
Edward Byrne Memorial Justice Assistance	16.738	414005	61,685
Edward Byrne Memorial Justice Assistance	16.738	413005	62,310
			<u>123,995</u>
Total JAG Program Cluster			129,736
Bullet Proof Vest Program	16.607		<u>2,797</u>
Total Department of Justice			<u>132,533</u>
<u>Department of Homeland Security</u>			
Passed-through Illinois Emergency Management Agency:			
State-Local Hazard Mitigation Grant Program	97.039	FEMA-DR-1960-IL	67,451
Fire Prevention and Safety	97.044	EMW-2013-FP-00119	<u>18,013</u>
Total Department of Homeland Security			<u>85,464</u>
Total Other Programs			<u>758,306</u>
Total Federal Awards			<u>\$1,989,405</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2017

SIGNIFICANT ACCOUNTING POLICIES:

The City's accounting records are maintained in accordance with the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board.

The significant accounting policies followed by the City are as follows:

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Subrecipients

The City did not have any subrecipients.

Other information

The City did not receive any federal insurance or non-cash assistance.

10% De Minimis Indirect Cost Rate

The City has elected the 10% de minimis indirect cost rate.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended April 30, 2017

SECTION I – SUMMARY OF AUDITORS RESULTS:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors report issued on compliance for major programs: Unqualified

Any audit finding disclosed that are required to be reported in accordance with 2CFR 200.516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)

14.900

Name of Federal
Program or Cluster

Lead-Based Paint Abatement

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
For the year ended April 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS:

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No findings are reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

No findings were reported.